

**REVENUE IMPACT OF  
PROPOSED LEGISLATION  
Seventy-Seventh Oregon Legislative  
Assembly  
2013 Regular Session  
Legislative Revenue Office**

**Bill Number: HB 2503 - 6  
Revenue Area: State Finance  
Economist: Paul Warner  
Date: 5-23-13**

***Only Impacts on Original or Engrossed  
Versions are Considered Official***

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**DRAFT**

**Measure Description:**

Reduces state tax expenditures in tax year by same percentage that Oregon Department of Administrative Services and Governor reduce allotments to state agencies for same tax year.

**Revenue Impact (in \$Millions):** Indeterminate

**Impact Explanation:** This measure will raise revenue only under very specific conditions. Those conditions are a projected deficit in the General Fund budget in the current biennium, a decision on the part of the Governor to call for an allotment reduction and a decision on the part of the Legislature not to call itself in to special session to address the projected deficit through legislative active. This means that when and if a revenue impact occurs is highly uncertain.

The potential magnitude of making the tax expenditures specified in HB 2503 subject to allotment reduction can be estimated by referring to the 2013-15 Tax Expenditure Report. The sum of the tax expenditures listed in the bill is \$4.4 billion for the 2013-15 biennium. Three tax expenditures (federal itemized deductions, the federal tax subtraction and the personal exemption credit) account for over 97% of the revenue. Since the allotment reductions will be taken for a given tax year, the biennial estimate should be reduced by ½. This leaves an estimated base of \$2.184 billion. This means that under a 1% allotment reduction, \$21.8 million would be generated.

**Creates, Extends, or Expands Tax Expenditure:**      Yes  No