

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

Bill Number: HB 2763 - B
Revenue Area: Income Taxes
Economist: Chris Allanach
Date: 5/30/2013

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

Measure Description: Allows taxpayers to claim less than the full amount of the tax credit to which they are entitled. Increases the maximum amount of qualified low-income community investments from \$4 million to \$10 million. Ignores the Qualified Equity Investment tax credit when applying the amount of corporate taxes used in the calculation of the retaliatory tax. The change to the amount of credit that must be claimed in a given year and the increase to the investment cap apply to tax years beginning on or after January 1, 2012. The change affecting the retaliatory tax applies to tax years beginning on or after January 1, 2013.

Revenue Impact: A minimal revenue gain or loss of less than \$100,000 per biennium.

Impact Explanation: This bill does not change the total amount of tax credits allowed to be granted. The tax credit program includes a cap on the amount of tax credits that may be issued and the current law revenue forecast, released in May 2013, includes the assumption that the full amount of tax credits will be awarded by the end of 2014. The change to the amount of tax credit that must be claimed could affect the timing of when the tax credits affect the revenue stream. Under current law, taxpayers are required to claim the full amount of tax credits to which they are entitled; this bill eases that requirement, which could affect the amount of tax credits that are carried forward. The increase in the investment cap could reduce the number of qualified projects under the existing program, but does not change the program's tax credit cap. The change to the retaliatory tax is expected to affect which types of entities would be claiming the tax credit. Insurance companies pay the retaliatory tax and this bill is expected to make these investments, and thus the credit, more appealing to these taxpayers.

Creates, Extends, or Expands Tax Expenditure: Yes No