

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

Bill Number: HB 3367 - 7
Revenue Area: Income Taxes
Economist: Chris Allanach
Date: 6/26/2013

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

Measure Description: Extends the following tax credits for six years: earned income (including a federal reconnect and expansion to 8% of the federal amount), political contributions (with an income cap), cultural trust, pension, rural medical practice (with modifications to the eligibility requirements), rural EMT (doubling the credit amount), employer scholarships, farmworker housing construction, manufactured home part closure. Creates a new manufacturing tax credit. Increases the research and development tax credit cap to \$2 million. Increases the cap on film and video tax credit to \$18 million per year. Changes the transit tax credit from a 5-year credit to a one-year credit. Extends the subtraction for manufactured home park gains. Disallows the biomass tax credit for canola grown in the Willamette Valley. Clarifies the three-year structure of the University Venture Development Fund tax credit. Requires revenue impact statement to provide estimates for three biennia and include a public policy purpose statement. Sunsets the workers compensation tax credit. Phases out Oregon itemized deductions, except for charitable contributions.

Revenue Impact (in \$Millions):

	Biennium		
	2013-15	2015-17	2017-19
Tax Credit Extensions and Policy Changes	-\$109	-\$166	-\$149
Itemized Deductions Phase-out	\$101	\$115	\$134
General Fund	-\$8	-\$51	-\$15

Impact Explanation: The estimated impacts from the tax credit sunsets are based on the historical use of the tax credits. Future use is either trended forward – including any cyclical patterns – or tied to the May 2013 economic and revenue forecast. The estimates for the manufacturing credit are based on the probability of “average” projects being approved each year. (Because Oregon does not currently have a broad-based manufacturing tax credit, there is no historical data on which to base an estimate.) The actual impact could vary significantly as the actual size of qualified projects is likely to vary.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this measure is