

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

Bill Number: SB 133
Revenue Area: Income Taxes
Economist: Chris Allanach
Date: 2/19/2013

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

Measure Description: Creates a \$1,000 credit against personal and corporate taxpayers who employ a qualified military veteran. Outlines requirements such as hiring a veteran within two years of their honorable discharge, excluding time spent in a setting intended to improve their job performance; working a minimum number of hours; and not being previously employed by the taxpayer prior to their deployment.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2013-14	2014-15	2013-15	2015-2017	2017-2019
General Fund	\$0	-\$1.5	-\$1.5	-\$6.0	-\$6.0

Impact Explanation: According to the Oregon Department of Veteran's Affairs, roughly 6,000 veterans return to Oregon annually after their military duty. Assuming the veteran unemployment rate of nine percent from 2012 continues and that the hiring of all other returning veterans results in a tax credit, the total impact could be a revenue loss of \$5.5 million dollars annually. There is also a federal tax credit (the Work Opportunity Tax Credit) that provides an incentive to hire military veterans. It contains strict requirements and in the most recent year there were roughly 700 applicants. If only these veterans qualified for the proposed credit, the annual revenue loss would be less than \$1 million annually. Given that the proposed credit in this bill has fewer requirements, the revenue impact is likely somewhere between these two extremes. Oregon's income tax code contains other tax incentives where the participation rate varies considerably. The revenue impact provided here assumes a participation rate of 50 percent and that the veterans are hired within two years of returning to Oregon.

Further analysis will be conducted when the bill is in the Joint Committee on Tax Credits.

Further Analysis Required

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this measure is