

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

Bill Number: SB 326
Revenue Area: Income Taxes
Economist: Chris Allanach
Date: 4/1/2013

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

Measure Description: Extends the sunset date for the earned income tax credit from January 1, 2014 to January 1, 2020.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2013-14	2014-15	2013-15	2015-17	2017-19
Federal reconnect	-\$6.3	-\$6.5	-\$12.8	-\$13.6	-\$10.3
Sunset Extension	\$0.0	-\$29.4	-\$29.4	-\$61.6	-\$65.5
General Fund Total	-\$6.3	-\$35.9	-\$42.3	-\$75.3	-\$75.8

Impact Explanation: From tax years 2007 through 2011, the number of claimants grew from roughly 235,000 to nearly 285,000. The amount claimed and used grew from roughly \$21 million to \$33 million. The growth during this time period includes the expansion of the Oregon credit from five percent of the federal credit to six percent in 2008 and an expansion of the federal credit in 2009. The estimated revenue impact is based on the assumption that the long-term growth trend continues and that the Legislature will connect to the federal changes adopted in the American Taxpayer Relief Act of 2012.

Further analysis will be done 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 to provide financial assistance to low-income workers and help lift them out of poverty. It is also intended to reduce labor costs for employers by reducing the market entry wage for eligible workers.