

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

**Bill Number: HB 2456 - B
Revenue Area: State Finance
Economist: Paul Warner
Date: 6-28-13**

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

Measure Description:

Reforms the senior medical deduction by converting the current deduction to a subtraction, restricting use of the subtraction to only those who are age eligible, phasing out the subtraction for higher incomes and gradually raising the age eligibility from 62 to 66 over a period of 8 years. Specifies that married filing separate taxpayers apply the single filer income range when phasing out the federal tax subtraction. Lowers the net income threshold for applying the 7.6% corporate income tax rate from \$10 million to \$2.5 million. Adjusts rate at which corporate collections flow to the Rainy Day Fund from revenue above 6.6% to revenue above 7.6% until 2017. Starting in 2017 establishes 7.15% as the rate at above which corporate revenue flows to the Rainy Day Fund. Phases out the personal exemption credit for adjusted gross income between \$100,000 and \$125,000 for single filers or between \$200,000 and \$250,000 for joint filers. Expands earned income tax credit from 6% to 8% for 2013 only. Increases the tax on other tobacco products from 65% of wholesale price to 70%. Imposes proportional increases in taxes on moist snuff and cigars. Increases state cigarette tax from \$1.18 per pack to \$1.28 per pack. Establishes floor tax on cigarettes held in inventory at time of implementation of higher tax. Dedicates the additional cigarette revenue to the Oregon Health Authority.

Revenue Impact (in \$Millions):

Fund Type	2013-15	2015-17	2017-19
General Fund	\$205.2	\$254.8	\$267.3
Oregon Health Authority	21	23.6	21.3
Tobacco Use Reduction Account	0.3	0.3	0.3
Rainy Day Fund	-43	-40.7	0
Total State Revenue	\$183.5	\$238.0	\$289.0

Impact Explanation: All income tax measures are effective with 2013 tax year. Tobacco tax increases effective 91 days after adjournment.

Creates, Extends, or Expands Tax Expenditure: Yes
Expands earned income tax credit from 6% to 8% of federal for the 2013 tax year.