

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

Bill Number: HB 2464 - C  
Revenue Area: Income Taxes  
Economist: Chris Allanach  
Date: 7/3/2013

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

**Measure Description:** Creates penalties for all businesses that fail to file informational reports. Applies to payments made in tax years beginning on or after January 1, 2013.

**Revenue Impact (in \$Millions):**

	Fiscal Year		Biennium		
	2013-14	2014-15	2013-15	2015-17	2017-19
Penalties	\$0.41	\$0.28	\$0.7	\$0.4	\$0.3
Income Taxes	\$0.05	\$0.25	\$0.3	\$0.8	\$1.0
<b>General Fund</b>	<b>\$0.46</b>	<b>\$0.53</b>	<b>\$1.0</b>	<b>\$1.2</b>	<b>\$1.3</b>

**Impact Explanation:** The estimated revenue impact on income taxes is based on the theory that increased informational return reporting will increase tax compliance. The new penalties contained in this bill are assumed to have the impact of increased reporting. A 2009 Department of Revenue report on tax compliance included estimates for the rate of noncompliance for different sources of income. The misreporting percentage for wage and salary income was 1.2 percent. The policies contained in this bill are assumed to decrease that noncompliance rate by one percent. The increased compliance factor is applied to the projected tax liability from wages and salaries as per the May revenue forecast. Also, a phase-in period of two years is assumed before the full one percent decrease in noncompliance occurs. The penalty provisions are assumed to result in a filing compliance rate of 98 percent in the first year that gradually increases to 99.5 percent, resulting in declining revenue from penalties over time.

**Creates, Extends, or Expands Tax Expenditure:** Yes  No