

DRAFT

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
Seventy-Seventh Oregon Legislative
Assembly
2014 Regular Session
Legislative Revenue Office

Bill Number: HB 4005 - 5
Revenue Area: Income Tax
Economist: Chris Allanach
Date: 2/13/2014

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

Measure Description: Increases the cap on the total number of electronic commerce zones from 10 to 13. Reinstates the Manufacturing Business Energy Tax Credit (MBETC) and extends the sunset date to January 1, 2016. Increases the taxpayer cap on the Research & Development tax credit from \$1 million to \$2 million beginning with tax year 2013.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2013-14	2014-15	2013-15	2015-17	2017-19
E-Commerce Zone	\$0	-\$0.05	-\$0.05	-\$0.10	-\$0.05
Manufacturing Credit	\$0	\$0	\$0	-\$7.6	-\$8.0
R & D Credit	-\$0.5	-\$0.7	-\$1.2	-\$2.2	-\$2.5
General Fund	-\$0.5	-\$0.8	-\$1.3	-\$9.9	-\$10.6

Impact Explanation: The estimated revenue impact from the E-commerce Zone is based on historical tax returns. The number of claimants has varied between roughly 10 and 20 between tax years 2005 and 2010. Due to the historical volatility, the estimates represent the expected value over time. The estimated impact from the manufacturing credit assumes that \$10 million in tax credits will be issued in tax years 2015 and 2016. Similar to the E-commerce Zone estimate, the historical use of this tax credit has varied over time, so the \$10 million – which is less than the historical average – represents the expected value over time. The estimated impact for the R&D credit is based on historical use of the tax credit and the distribution of the amount claimed. In tax year 2011, 250 taxpayers claimed a total of \$76.1 million in tax credit and used only \$7.2 million.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this measure is