

DRAFT Estimate
**REVENUE IMPACT OF
 PROPOSED LEGISLATION**
 Seventy-Eighth Oregon Legislative
 Assembly
 2015 Regular Session
 Legislative Revenue Office

Bill Number: SB 610 -3
Revenue Area: Income Taxes
Economist: Chris Allanach
Date: 4/17/2015

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

Measure Description: Creates a refundable personal and corporate income tax credit for employers with employees who are paid the minimum wage. Sets the tax credit equal to the number of workers paid the proposed minimum wage multiplied by the wages paid above the hourly rate of \$9.10. Applies to tax years 2016 through 2019.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2015-16	2016-17	2015-17	2017-19	2019-21
General Fund / Tax Credit	\$0	-\$453	-\$453	-\$3,178	-\$2,106

Impact Explanation: The preliminary revenue impact provided here is based on a current law forecast of the number of minimum wage workers implicitly included in the March economic and revenue forecast and the estimated impact on their wages from the proposed policy change. Hourly wage data from the Employment Department is the basis for the annual number of workers affected by this policy, the average number of hours worked per week, and the wage differential. By the time the minimum wage increase is fully phased-in (tax year 2018), roughly 775,000 workers are expected to see an increase in their wages. In total, this increase amounts to roughly \$2 billion in additional wages paid in 2018. The refundable tax credit included in this amendment is \$453 million in tax year 2016 and grows to roughly \$2.1 billion by tax year 2019. The projected number of affected workers includes the long-term impact on employment based on the demand elasticity for labor estimated by the Congressional Budget Office. This estimate is limited to the initial impact of the proposed tax credit and does not include the broader impacts of the minimum wage policy change on the Oregon economy.

Further Analysis Required

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this measure is