

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

**Bill Number: SB 37
Revenue Area: Income Taxes
Economist: Chris Allanach
Date: 3/10/2015**

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

Measure Description: Extends the sunset date for the rural medical provider tax credit from January 1, 2016 to January 1, 2022. The bill also continues the grandfather clause to allow taxpayers eligible for the credit in tax year 2021 to continue claiming the tax credit through 2030 should the tax credit sunset in 2022.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2015-16	2016-17	2015-17	2017-19	2019-21
General Fund	\$0	-\$0.8	-\$0.8	-\$4.9	-\$8.5

Impact Explanation: The preliminary revenue impact provided here is based on the historical use of the tax credit as reflected on personal income tax returns. The annual cost of the credit has grown at an average annual rate of 3.3% from \$7 million in 2005 to \$8.8 million in 2012. The total number of claimants during that time grew from 1,607 to 1,859. An analysis of tax returns reveals that an average of 230 filers leave the program each year. Based on that rate of attrition, a significant number of filers would be able to continue claiming the tax credit after the sunset due to the grandfather clause. This dynamic results in a relatively low impact in the initial years of extending the sunset date.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this measure is

Further Analysis Required