

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 3457

Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office

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

Prepared by: Theresa McHugh
Reviewed by: Steve Bender, John Borden
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Measure Description:

Creates income tax credit for business that hires employees in rural area.

Government Unit(s) Affected:

Business Development Department (Business Oregon), Department of Revenue (DOR)

Summary of Expenditure Impact:

	2015-17 Biennium	2017-19 Biennium
Lottery Funds	234,569	213,836
Total Funds	\$234,569	\$213,836
Positions	1	1
FTE	0.88	1.00

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

The measure creates a nonrefundable income tax credit for businesses that hire at least five employees in a rural area at the median wage for the county in which the taxpayer is doing business. The bill further stipulates that the positions must remain filled for at least 12 consecutive months. The amount of the credit is 50 percent of the amount invested up to a maximum amount of \$2 million per year. The Oregon Business Development Department is charged with establishing the program to certify taxpayers for the credit. A taxpayer must receive written certification from the Department prior to claiming the credit.

This is a new program and, as such, the Department believes they will need a dedicated position to administer the program. Estimated costs for 2015-17 of \$234,569 include one position for 21 months and associated services and supplies costs. In addition, the Department's estimate for 2015-17 includes costs of \$60,000 for Attorney General and professional services costs that will be needed to research and adopt rules, policies, and procedures for the program. The estimated cost of \$213,836 in 2017-19 is for the position for a full biennium and associated services and supplies costs, less one-time start-up funds.

The Department of Revenue anticipates only a minimal cost associated with the new program.