

**STAFF MEASURE SUMMARY**

**Senate Committee On Business and Transportation**

**Fiscal:** No Fiscal Impact

**Revenue:** Revenue impact issued

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**Action Date:** 04/20/15

**Action:** Do Pass And Requesting Referral To Tax Credits.

**Meeting Dates:** 03/16, 04/20

**Vote:**

Yeas: 3 - Beyer, Girod, Thomsen

Nays: 2 - Monroe, Riley

**Prepared By:** James LaBar, Committee Administrator

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**WHAT THE MEASURE DOES:**

Extends sunset of corporate tax offset of insurer assessment from January 1, 2016 to January 1, 2022.

**ISSUES DISCUSSED:**

- Findings regarding the effectiveness of the tax credit within the Legislative Revenue Office's Research Report No. 2-15, 2016 Expiring Tax Credits
- Corresponding memo from Senate Business and Transportation Committee to Joint Committee on Tax Credits

**EFFECT OF COMMITTEE AMENDMENT:**

No amendment.

**BACKGROUND:**

The public policy purpose is to allow insurance companies a credit against corporate income taxes for certain assessments paid to the Oregon Life and Health Insurance Guaranty Association (OLHIGA). The assessments are used to pay claims against insurers who have gone out of business (these are known as class B assessments). The allowed credit is taken over five years and equals twenty percent of the assessment for each year beginning with the year in which the assessment was paid.

The OLHIGA was established in 1975 and is composed of all insurers licensed to sell life insurance, accident and health insurance and individual annuities in Oregon. Membership is mandatory. From 2000 to 2008, the number of claimants steady declined from approximately 300 to 20. Between 2009 and 2011 (Data is not available for 2012), fewer than five corporations claimed the credit. Consequently, the revenue impact averaged approximately \$1,000 since 2007.