

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

Bill Number: HB 3396 - B  
Revenue Area: Income Taxes  
Economist: Chris Allanach  
Date: 6/29/2015

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

**Measure Description:** Moves the sunset date for the rural medical provider tax credit from January 1, 2016 to January 1, 2018. The bill also continues the grandfather clause to allow taxpayers eligible for the credit in tax year 2017 to continue claiming the tax credit through 2026 should the tax credit sunset in 2018.

**Revenue Impact (in \$Millions):**

	Fiscal Year		Biennium		
	2015-16	2016-17	2015-17	2017-19	2019-21
General Fund	\$0	-\$1.0	-\$1.0	-\$3.7	-\$3.0

**Impact Explanation:** The revenue impact 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 3.4% from \$7 million in 2005 to \$8.8 million in 2013. The total number of claimants during that time grew from 1,607 to 1,896. An analysis of tax returns reveals that an average of 240 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 tax credit is to improve access to certain health care providers in rural areas.