

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
78th Oregon Legislative Assembly  
2016 Regular Session  
Legislative Revenue Office

**Bill Number: SB 1507 - 8**  
**Revenue Area: Income Taxes**  
**Economist: Chris Allanach**  
**Date: 2/18/2016**

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

**Measure Description:**

Makes technical corrections to the rural medical provider, personal kicker, and residential energy tax credits. Imposes an annual per taxpayer cap of \$500,000 for the credit for donations related to the Individual Development Account program. Generally applies to tax years 2016 and later. Increases the annual program cap on Film & Video tax credits from \$10 million to \$12 million in 2016 and then to \$14 million in 2017. Extends the Biomass Manure tax credit through January 1, 2022 and reduces the tax credit rate from \$5 per wet ton to \$3.50 per wet ton beginning with tax year 2016.

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

	Fiscal Year		Biennium		
	2015-16	2016-17	2015-17	2017-19	2019-21
<b>General Fund</b>	<b>\$0</b>	<b>-\$0.2</b>	<b>-\$0.2</b>	<b>-\$10.3</b>	<b>-\$17.5</b>

**Impact Explanation:**

The revenue impact is due solely to the changes in the Film & Video and Biomass Manure tax credits. The estimates are based on the historical use of the tax credits and their projected future use. The increase in the Film & Video tax credit results in a revenue loss of roughly \$1.8 million in the first year and gradually increasing to a revenue loss of \$4 million per year. The lower tax credit rate for the Biomass Manure tax credit results in a revenue gain of roughly \$1.6 million for tax years 2016 and 2017. (The credit is currently scheduled to sunset on 1/1/2018.) The extension beyond 2017 results in a revenue loss that grows from -\$4.3 million in 2018 to -\$4.9 in 2020.

**Creates, Extends, or Expands Tax Expenditure:**      Yes  No

The policy purpose of the change in the Film & Video tax credit is to increase the capacity of the state to develop a sustainable infrastructure for this industry in Oregon.

The policy purpose of the change in the Biomass Manure tax credit is to increase the capital investment in manure digesters.