

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

Bill Number: SB 1507 - A
Revenue Area: Income Taxes
Economist: Chris Allanach
Date: 2/19/2016

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
General Fund	\$0	-\$0.2	-\$0.2	-\$10.3	-\$17.5

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.