

PRELIMINARY STAFF MEASURE SUMMARY

House Committee On Revenue

Fiscal: Has minimal fiscal impact

Revenue: Revenue impact issued

Action Date:

Action:

Meeting Dates:

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WHAT THE MEASURE DOES:

Makes the following three technical corrections: (1) removes references to "highway miles" from the Rural Medical Providers tax credit; (2) clarifies the policy of applying personal kicker amounts to outstanding taxpayer debt or liability; and (3) clarifies that the annual Residential Energy tax credit may not exceed \$1,500 for any one device. Creates an annual taxpayer cap of \$500,000 for the Individual Development Account contributions tax credit. Increases the annual cap on the film & video tax credit to \$12M in 2016 and then to \$14M in 2017. Changes the allocation of funds raised from the tax credit auction. Extends the biomass manure tax credit to 1/1/2022 and lowers the tax credit rate from \$5 per wet ton to \$3.50 per wet ton beginning in 2016. Adds clawback provisions to the biomass tax credit.

ISSUES DISCUSSED:

EFFECT OF COMMITTEE AMENDMENT:

-A19: Limits the biomass manure tax credit extension to digesters that are in operation prior to July 1, 2016 and limits the annual amount of biomass manure tax credits to \$5 million.

-A16, -A17, -A20: Create an income tax credit for Agriculture related business. The amount of the credit varies across years but is tied to changes to the Oregon minimum wage. There is a taxpayer credit cap and the credit is effective through tax year 2026.

- The -A16 has a tax credit program cap of \$30M per year
- The -A17 has no tax credit program cap
- The -A20 has a tax credit program cap of \$15M per year

BACKGROUND:

Three of the four tax credits in the introduced version of the bill were subject to Legislative review in 2015. The changes included here are clarifications or corrections to the policies that were adopted at that time. The changes to the kicker credit follow the issuance of the personal kicker as a tax credit for the first time since the 1990s. The Department of Revenue notified the Legislature of the technical issue during Legislative Days in 2015; the change included here codifies the department's solution.

The Film & Video tax credit was extended to January 1, 2024 during the 2015 legislative session. The annual cap was last increased to \$10 million in 2013. The Biomass tax credit is currently scheduled to sunset on January 1, 2018. The tax credit rate varies depending on the qualifying material. The extension included here is only for one type of material.