

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

Bill Number: SB 1532 - MRA
Revenue Area: Income Tax
Economist: Warner/Allanach
Date: 2-9-16

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

Measure Description:

Establishes two tiered state mandated minimum wage. Sets rates at \$9.25 and \$9.50 for 2017. Indexes rates to changes in the CPI after 2017. Establishes a total of four new tax credits. Employers are potentially eligible for three credits based on age and hours worked of employee and size of employer. Establishes personal income tax credit equal to pre-credit taxes due on income from hours worked at or below mandated minimum wage. Restricts tax credits to tax years 2017 through 2020. Refers act to voters at next general election.

Revenue Impact (in \$Millions):

	Estimated General Fund Impact from Tax Credits
2017-18 Fiscal Year	-\$124.0 million
2018-19 Fiscal Year	-\$200.3 million
2017-19 Biennium	-\$324.3 million
2019-20 Fiscal Year	-\$298.5 million
2020-21 Fiscal Year	-\$429.9 million
2019-21 Biennium	-\$754.2 million

Impact Explanation: The estimate starts with division of minimum wage workers into those defined as exempt and non-exempt under the amendment. The second step is to estimate the total cost to employers of complying with the minimum wage increases starting in 2017 as specified in the amendment. The tax credit for hiring younger workers is estimated for employers over and under 100 employees (Sections 6 and 8 of the amendment). A separate estimate is made for firms with fewer than 50 employees who exceed their minimum wage standard (Section 7). Finally, the pre-credit tax liability is estimated for workers who work at or below the minimum wage for purposes of the individual tax credit specified in Section 9 of the amendment.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this measure is to compensate taxpayers for the cost of complying with mandated minimum wage increases called for in SB 1532-MR.