

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

Bill Number: HB 4131 - B
Revenue Area: Personal Income Tax
Economist: Paul Warner
Date: 2-24-16

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

Measure Description:

Requires financial institutions to participate in data match system established by Department of Revenue to identify assets held at financial institutions by delinquent debtors.

Revenue Impact (in \$Millions):

2015-17 Biennium: No Impact

2017-19: Biennium: +\$7.3 million

2019-21: Biennium: +\$10.7 million

Impact Explanation: Estimates are based on a projected increase in the rate of successful garnishments above the current law assumptions. Under current law, the successful rate was 23.6% of possible accounts in 2014. This is expected to remain constant under current law while the number of possible accounts grows 2% annually. The average garnishment in 2014 was \$1,179. The average amount is expected to grow 4% annually.

The data match provision is expected to increase the garnishment success rate from 23.6% in 2016 to 26% in 2017 and then gradually up to 27.1% in 2021. The overall success rate is projected to be 15% higher than the current law estimate by 2020.

Applying the higher projected garnishment success rate from the data match to the projected number of accounts subject to bank garnishments and the projected average garnishment and comparing with current law produces the revenue impact estimates.

Creates, Extends, or Expands Tax Expenditure: Yes No