

**REVENUE IMPACT OF
PROPOSED LEGISLATION
79th Oregon Legislative Assembly
2017 Regular Session
Legislative Revenue Office**

Bill Number:	HB 2072 - 1
Revenue Area:	Income Taxes
Economist:	Chris Allanach
Date:	4/3/2017

Only Impacts on Original or Engrossed Versions are Considered Official

Measure Description:

Moves the sunset date for the biomass production or collection tax credit from either January 1, 2018 or January 1, 2022 to January 1, 2024. Moves administration of the woody biomass tax credit from the Department of Energy to the State Forestry Department. Creates an annual cap of \$600,000 for woody biomass tax credits.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2017-18	2018-19	2017-19	2019-21	2021-23
General Fund	\$0	-\$1.4	-\$1.4	-\$2.6	-\$7.3

Impact Explanation:

This preliminary impact is based on an analysis of historical certification and tax return data for years 2009 through 2014. In tax year 2014, roughly 125 taxpayers claimed a total of \$6.3 million in tax credits and used \$5.9 million to reduce tax liability. Woody biomass accounted for roughly \$570,000 of the tax credits certified in 2015. The animal manure portion of this tax credit sunsets on January 1, 2022 so there is no impact for the first two biennia. The larger impact in 2021-23 is due to the extension of the manure portion of the tax credit. Further analysis will be done when the bill is in the Joint Committee on Tax Credits.

Creates, Extends, or Expands Tax Expenditure: Yes No

According to the 2007 implementing legislation, the policy purpose of this measure is "...to encourage greater development, distribution and use of agricultural and forest material for biofuels, for electricity and for other forms of biomass energy use." Depending on work done by the House Committee on Energy and Environment, this purpose may be refined.

Further Analysis Required