

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

<b>Bill Number:</b>	<b>HB 2075</b>
<b>Revenue Area:</b>	<b>Income Taxes</b>
<b>Economist:</b>	<b>Chris Allanach</b>
<b>Date:</b>	<b>4/7/2017</b>

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

**Measure Description:**

Moves the sunset date for the fire insurance tax credit from January 1, 2018 to January 1, 2024.

**Revenue Impact (in \$Millions):**

	Fiscal Year		Biennium		
	2017-18	2018-19	2017-19	2019-21	2021-23
<b>General Fund</b>	<b>\$0</b>	<b>-\$1.2</b>	<b>-\$1.2</b>	<b>-\$2.5</b>	<b>-\$2.5</b>

**Impact Explanation:**

The estimated impact is based on an historical analysis of tax years 2005 through 2014. In tax year 2014, roughly 285 taxpayers claimed a total of \$9.7 million and used \$4.2 million in tax credits to reduce their corporation income tax liability. The annual impact to the General Fund is less than that amount due to the interaction with Oregon’s retaliatory tax, which is also a source of General Fund revenue. In essence, as an insurer’s corporation income tax increases, their retaliatory tax decreases. While the relationship can be one-to-one for a given taxpayer, historical simulations indicate that, in aggregate, it is not.

**Creates, Extends, or Expands Tax Expenditure:**      Yes  No

The policy purpose of this measure appears to be one of a funding mechanism. Discussions held within the House Committee on Business and Labor may change that purpose.

*Further Analysis Required*