

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

**Bill Number: HB 2887 - 1
Revenue Area: Income Taxes
Economist: Chris Allanach
Date: 4/7/2017**

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

Measure Description:

Creates a personal and corporation income tax credit for employers who hire a “qualified military veteran”. Defines terms. Depending on the size of the employer, the tax credit may be as much as \$1,250 or \$1,500 per employee. Allows the employer to claim the tax credit for up to three years. The tax credit is nonrefundable but may be carried forward for three years. Grants rulemaking authority to the Department of Veterans’ Affairs regarding standards and procedures for determining eligibility. Applies to tax years 2017 through 2022.

Revenue Impact (in \$Millions):

Impact Explanation:

This bill would have a revenue loss that depends on the projected number of qualified veterans enabling employers to claim the tax credit. Further analysis will be done when the bill is in the House Committee on Revenue.

As preliminary context for an estimate, the following items may factor into the revenue impact:

- In 2015 there were 158,000 veterans in the Oregon labor force (Oregon Employment Dept.)
- The U.S. unemployment rate for veterans in February of 2017 was 3.9 percent. In 2015, the unemployment rate for veterans in Oregon was roughly one percentage point higher than for U.S. veterans overall. This estimate does not include veterans considered to be not in the labor force. (Bureau of Labor Statistics and Oregon Employment Department)
- Between 40% and 45% of employees work for an employer with fewer than 100 employees
- Definition of “qualified military veteran”
 - hired within seven years of an honorable discharge or deactivation orders under Title 10
 - work at least 1,000 hours during the tax year
 - have a hire date that is within two years of the tax year the credit is claimed
 - did not work for the same employer prior to deployment

Further Analysis Required

Creates, Extends, or Expands Tax Expenditure: Yes No

Depending on the discussion by and intent of the House Committee on Veterans and Emergency Preparedness, the purpose of this tax credit may be to increase the employment of veterans.