

HB 2075 STAFF MEASURE SUMMARY

House Committee On Business and Labor

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Sub-Referral To: Joint Committee On Tax Credits

Meeting Dates: 3/8, 4/10

WHAT THE MEASURE DOES:

Extends sunset from January 2018 to January 2024 on tax credit for property and casualty insurers who write fire insurance policies and pay fire insurance gross premiums tax.

- No expenditure impact
- Revenue statement issued for purpose of moving to Joint Tax Credits

ISSUES DISCUSSED:

- Tax credits typically are designed to change behavior, but this credit is funding mechanism
- State programs supported by Fire Insurance Premium Tax

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Fire insurance is generally required in order to obtain a mortgage and it is a required part of homeowner's insurance. To fund the Office of the State Fire Marshal, the arson division of the Oregon State Police and fire-related programs of the Department of Public Safety Standards and Training, the state imposes a Fire Insurance Premium Tax. Amounts paid for this tax are allowed as a tax credit against the Corporations Excise Tax, which effectively redirects General Fund dollars to support these fire-related programs. Simply stated, this is a tax credit for taxes paid. The tax credit was enacted in 1969; there is no cap on the credit and it may not be carried forward to a subsequent tax year.

The tax credit due to sunset on January 1, 2018. House Bill 2075 extends the sunset to January 1, 2024.