

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2852 - 3

79th Oregon Legislative Assembly – 2017 Regular Session
Legislative Fiscal Office*Only Impacts on Original or Engrossed
Versions are Considered Official*Prepared by: Meg Bushman-Reinhold
Reviewed by: John Borden, Michelle Deister
Date: 4/14/2017**Measure Description:**

Extends sunset for tax credit for affordable housing lenders.

Government Unit(s) Affected:

Department of Revenue(DOR), Housing and Community Services Department

Summary of Expenditure Impact - Housing and Community Services Department

	2017-19 Biennium	2019-21 Biennium
Other Funds		
Personnel Services	121,807	118,307
Special Payments	13,293,885	5,797,385
Total Funds	\$13,415,692	\$5,915,692
Positions	1	1
FTE	0.50	0.50

Summary of Revenue Impact

	2017-19 Biennium	2019-21 Biennium
Other Funds	13,415,692	5,915,692
Total Funds	\$13,415,692	\$5,915,692

Analysis:

This bill extends the sunset of the affordable housing lender tax credit from January 1, 2020 to January 1, 2026 and directs the Housing and Community Services Department (OHCS) and the Department of Revenue to conduct an auction of credits that have been reserved but not certified for the tax year. The net proceeds of the auction are to be deposited into OHCS' General Housing Account and used for providing housing to low income persons or families. OHCS and the Oregon Housing Stability Council are to determine the best use of auction proceeds each year, with priority given to achieving affordability and habitability of manufactured dwelling parks and manufactured dwellings. The maximum tax credit amount is \$25 million annually.

Housing and Community Services Department

The tax credit auction is a new process for OHCS and will increase revenues and workload. The amount of tax credits available for auction each year is based on loan and amortization schedules, loan pay-offs, and other factors. The department expects to have \$13.5 million for auction in 2017-19. After the initial auction of available credits, the estimated amount will reduce to approximately \$6.0 in future biennia.

OHCS would need a full-time Loan Specialist 2 to administer this program. The position would begin on July 1, 2018, after proceeds from the first auction are received. Since the department expects to have reduced proceeds and fewer transactions after the first auction, the position would be half-time for future

biennia. Because of the later start date in 2018 for the full-time position, the department will only use 0.5 FTE for both biennia, for total other funds personnel costs of \$121,807 for 2017-2019 and \$118,307 for 2019-2021.

Department of Revenue

This bill requires the Department of Revenue to auction off affordable housing lender tax credits that are not otherwise awarded. A personal income taxpayer or a corporate taxpayer could use an affordable housing tax credit purchased at auction against their state tax liability. The actual costs of conducting the auction would be covered from proceeds of the auction, but could not exceed 0.25% of the proceeds. The Department of Revenue would also incur minimal costs for programming their computer system and for forms and rules updates.