

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

Bill Number: HB 2951 - 1
Revenue Area: Income Tax
Economist: Christine Broniak
Date: 6-28-2017

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

Measure Description:

Requires addition, in determination of Oregon taxable income, of deduction as business expense of compensation paid by taxpayer to highly paid individual.

Revenue Impact (in \$Millions):

	FY 2018	FY 2019	2017-19	2019-21	2021-23
General Fund	\$40.0	\$99.9	\$139.9	\$209.0	\$221.7

Impact Explanation:

The measure creates an addition for business expenses associated with compensation if compensation totals over \$1 million. At the federal level, certain wages over \$1 million are disallowed as deductions for the employer that pays them. There are other means of compensation such as stock options, and wages over a million can be deducted if they meet the requirements to be considered performance pay. There has been empirical work conducted on the \$1 million deduction limit at the federal level that has concluded that the limit has had no effect on overall compensation levels since its adoption in 1993.

Creates, Extends, or Expands Tax Expenditure: Yes No