

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

Corrected
Bill Number: SB 251
Revenue Area: Income Tax
Economist: Christine Broniak
Date: 3-29-2017

Only Impacts on Original or Engrossed Versions are Considered Official

Measure Description:

Decreases amount of lottery prize payment above which Oregon State Lottery Commission must withhold personal income tax for payment to Department of Revenue.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2017-18	2018-19	2017-19	2019-21	2021-23
General Fund	\$0.81	\$1.63	\$2.44	\$3.26	\$3.26

Impact Explanation:

The measure would reduce the threshold at which 8 percent of lottery prizes are withheld from \$5,000 to \$1,500. Tax compliance rates on lottery winnings from \$1,500 to \$5,000 are approximately 40 percent. Automatic withholding would increase those compliance rates and increase revenue. In FY 2016, a total of \$50.9 million in lottery prizes was awarded between the amounts of \$1,500 and \$5,000. At 8 percent withholding, the measure would result in \$4.07 million withheld on those prizes. If 40 percent of this amount was previously unrecovered, the additional revenue from this measure is \$1.63 million per year. The measure takes effect for tax year 2018.

Creates, Extends, or Expands Tax Expenditure: Yes No