REVENUE IMPACT OF PROPOSED LEGISLATION

79th Oregon Legislative Assembly
2017 Regular Session
Legislative Revenue Office

Bill Number: SB 758
Revenue Area: Income Taxes
Economist: Chris Allanach
Date: 4/10/2017

Only Impacts on Original or Engrossed Versions are Considered Official

Measure Description:

Creates two tax credits and modifies an income tax subtraction. The first tax credit is a refundable personal income tax credit of up to $100 for taxpayers who make contributions to an Oregon 529 account. Eligible taxpayers are those whose income is no more than $25,000 (single filers) or $50,000 (joint filers). The taxpayer may claim either this tax credit or the subtraction, but not both. The second tax credit is for employers. It is a nonrefundable credit of up to $100 with a three-year carryforward. The bill also modifies the subtraction for contributions to an Oregon 529 or ABLE account. Changes the subtraction cap from a per return basis to a per designated beneficiary basis.

Revenue Impact (in $Millions):

Impact Explanation:

There are three sources of a potential revenue impact:

1. The tax credit for individuals may result in a revenue loss of up to $200,000 per year. Taxpayers who meet the income limits and contribute less than (roughly) $1,100 should opt for the tax credit. A preliminary analysis of tax returns indicates that there may be up to 2,000 such filers per year.
2. The tax credit for employers involves more uncertainty.
3. Based on preliminary work done in 2007, changing the limits from “per return” to “per beneficiary” could increase the annual cost to the General Fund by 25% to 40%, or between $5 million and $8 million per year.

Further analysis will be done when the bill in in the Joint Committee on Tax Credits

Creates, Extends, or Expands Tax Expenditure: Yes ☒ No ☐

The policy purpose of this measure may be to increase the amount saved for college tuition. Discussion and debate held by the Senate Education Committee will likely refine that purpose.

Further Analysis Required

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