

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

Bill Number: HB 3206 - A
Revenue Area: Income Taxes
Economist: Chris Allanach
Date: June 22, 2017

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

Measure Description:

Creates a tax credit for personal or corporation income taxes equal to 12 percent of the taxpayer's expenses to establish and implement an employee training program as outlined in the bill. The tax credit is nonrefundable and has a three-year carryforward. Applies to tax years 2017 through 2022. (The bill does not contain a sunset date, so ORS 315.037 would apply a six-year sunset on the tax credit.)

Revenue Loss: Approximately \$50,000 per year.

Impact Explanation:

According to the Association for Talent Development's 2014 State of the Industry report, training expenditures were roughly \$1,200 per employee. Based on historical levels provided in the report and an assumed annual growth rate of roughly 1.1 percent, the per employee cost approaches \$1,300 in the coming years. Scaling that cost to 100 employees translates to a training program cost of roughly \$130,000 (per 100 employees). A 12% credit would then reduce income tax collections by roughly \$15,000 per 100 participating employees. In 2016, Klamath County had private sector employment of roughly 17,000. Assuming two percent of private sector employment participates in qualifying programs per year, the annual revenue loss is just over \$50,000.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this measure is increase participation in qualified employee training programs.