

SB 1528 B -B14, -B15 STAFF MEASURE SUMMARY

House Committee On Revenue

Prepared By: Kyle Easton, Economist

Meeting Dates: 2/28

WHAT THE MEASURE DOES:

Makes available credit against personal or corporate income/excise taxes to taxpayers that make certified Opportunity Grant contributions to the Opportunity Grant Fund. Requires Department of Revenue, in cooperation with Higher Education Coordinating Commission to conduct auction of tax credits. Limits fiscal year certifications of tax credits to no more than \$14 million. Allows unused portion of tax credit to be carried forward up to three succeeding tax years. Applies to tax years beginning on or after January 1, 2018 and before January 1, 2024.

Establishes Opportunity Grant Fund in the State Treasury, separate and distinct from the General Fund. Directs moneys in the fund to be continuously appropriated to Higher Education Coordinating Commission. After paying administrative costs, directs funds to be used for the Oregon Opportunity Grant program.

Effective for tax years beginning on or after January 1, 2018, requires addition to federal taxable income for amount allowable as a deduction under section 199A(a) of the Internal Revenue Code.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-B14 Beginning January 1, 2019, increases cigarette tax by \$0.30 per pack of twenty cigarettes. Imposes floor tax upon dealers and distributors of cigarettes effective January 1, 2019. Modifies distributions of cigarette tax receipts as prescribed in ORS 323.457 to require 15/45 of tax cigarette tax imposed under ORS 323.031 to be appropriated to Department of Human Services to provide immediate relief to the child protective services system by funding a rapid response team.

Beginning January 1, 2019, imposes tax upon inhalant-form nicotine. Tax imposed at rate of \$0.05 on each container of inhalant-form nicotine with a volume of two milliliters or less and or \$0.10 on each container with volume greater than two milliliters. Tax is imposed upon nicotine retailer or consumer at the point of first sale in this state. Specifies administration and collection responsibilities of inhalant wholesalers, nicotine retailers and Department of Revenue. Allows nicotine retailers to deduct and retain 2% of amount of taxes that are collected. Specifies first \$2 million per biennium of tax receipts after deducting administrative and enforcement expenses, to be transferred to the Oregon Department of Administrative Services to provide funding for CASA Volunteer Programs. Remaining tax receipts appropriated to Department of Human Services to provide immediate relief to the child protective services system by funding a rapid response team.

-B15 Replaces content of measure.

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BACKGROUND:

In December 2017, the Tax Cuts and Jobs Act was enacted by Congress and signed by the President. Included in the Act was a provision allowing specified pass through entities a deduction generally equal to twenty percent of the pass through's qualified business income. Due to Oregon's connection to the federal definition of taxable income, the twenty percent deduction, absent any law change in Oregon, automatically becomes part of Oregon's taxable income starting point for determining Oregon tax liability.

The Oregon Opportunity Grant is Oregon's largest state-funded, need-based grant program for college students. More than 40,000 students receive Opportunity Grants each year. Only students with student/family adjusted gross incomes at or below \$70,000 are considered for the grant. Students must be enrolled at least half time fall term to receive Oregon Opportunity Grant funds and maintain their grant eligibility for the rest of the academic year.