

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
79th Oregon Legislative Assembly  
2018 Regular Session  
Legislative Revenue Office

<b>Bill Number:</b>	<b>SB 1529 - A20</b>
<b>Revenue Area:</b>	<b>Income Taxes</b>
<b>Economist:</b>	<b>Chris Allanach/Kyle Easton</b>
<b>Date:</b>	<b>2/28/2018</b>

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

**Measure Description:**

Updates connection date to federal Internal Revenue Code and other provisions of federal tax law. Requires addback of federal dividends related to repatriation and creates a tax credit for amounts received under the tax haven law. Requires the Department of Revenue to estimate actual collections and transfer amount equal to estimate as follows: 18 percent to the Employer Incentive Fund and 82 percent to the School Districts Unfunded Liability Fund.

**Revenue Impact (in \$Millions):**

	<b>Biennium</b>		
	<b>2017-19</b>	<b>2019-21</b>	<b>2021-23</b>
Repatriation	\$160	\$10	\$0
OR Tax Haven Tax Credit	-\$20	-\$5	\$0
<b>Employer Incentive Fund</b>	<b>\$0</b>	<b>\$26</b>	<b>\$0</b>
<b>School Districts Unfunded Liability Fund</b>	<b>\$0</b>	<b>\$119</b>	<b>\$0</b>
Corporate: General Fund	\$100	\$0	\$0
Other Reconnect Provisions	Minimal	Minimal	Minimal

**Impact Explanation:**

The revenue impact for the repatriation policy is the net impact from the addback. Without the statutory changes in this bill, corporate income tax collections are projected to be down \$100 million in 2017-19 due to the federal repatriation policy. With the statutory change, revenues are projected to be up by \$160 million instead. That means a change of \$260 million in the net position based on the current revenue forecast and the impacts from the federal law change. Measure directs funds received from repatriation, based upon estimate made by Department of Revenue, to be deposited as follows: 18 percent to the Employer Incentive Fund and 82 percent to the School Districts Unfunded Liability Fund. While measure provides Department of Revenue until July 1, 2021 to estimate actual collections due to repatriation, it is expected that estimate will occur during 2019-21 biennium allowing for transfer of funds to occur during the 2019-21 biennium. The estimated \$100 million increase to the general fund reflects the changes mitigating the expected \$100 million loss that would otherwise occur. The tax haven tax credit is based on collections from tax years 2014 through 2016.

Measure includes numerous provisions where Oregon law connects to federal law at a specific point in time (December 31, 2017). Most of these updated connections to federal law connect to definitional provisions that have little to no impact on Oregon.

**Creates, Extends, or Expands Tax Expenditure: Yes  No**

The policy purpose of the tax haven tax credit is to recognize the interaction between tax payments required by Oregon's tax haven law and repatriation related tax payments.