

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

Bill Number:	HB 4028 - A
Revenue Area:	Income Taxes
Economist:	Kyle Easton
Date:	2/23/2018

Only Impacts on Original or Engrossed Versions are Considered Official

Measure Description:

For purposes of Oregon affordable housing lender credit, includes new requirement through which entities may be considered a qualified borrower on a loan to finance a manufactured dwelling park. New requirement allows a nonprofit corporation or housing authority that has a controlling interest in the real property that is financed by a qualified loan to be considered a qualified borrower.

In instances where Legislative Assembly appropriates funds for deposit into the Oregon Production Investment Fund per ORS 315.516, such amount required to be reduced by the amount previously certified for the film production development contributions tax credit in the current fiscal year. Allows appropriations for upcoming fiscal year equal to total amount that would otherwise be certified for tax credits. Limits certification of credits for the corresponding fiscal year.

For purposes of tax credit for a producer or collector of manure used as biofuel or to produce biofuel, clarifies that the term "bovine" refers to "cattle". Specifies that cattle means: cows, heifers, bulls, steers or calves. Modifies \$5 million annual credit claimed limitation to \$5 million in annual credit certifications, as issued by the State Department of Agriculture for any calendar year.

Amends working family household and dependent care tax credit. Provides monthly imputed income amount for enrolled degree-seeking students. For students with adjusted gross income as a percentage of federal poverty level less than 110 percent, calculates credit to equal product of the lesser of, qualifying individual expenses or imputed income, multiplied by school ratio multiplied by applicable credit percentage as specified. Specifies school ratio equal to 100 percent for a month when a student is full-time or 70 percent when student is part-time.

Revenue Impact (in \$Millions):

Working family household and dependent care tax credit:

	Fiscal Year		Biennium		
		2018-19	2017-19	2019-21	2021-23
General Fund		-\$2.8	-\$2.8	-\$5.8	-\$6.2

Impact Explanation:

The changes to: affordable housing lender credit, film production development contributions credit and credit for producer or collector of manure used as biofuel or to produce biofuel are largely technical. Impacts on revenue from these three changes are expected to be minimal.

Measure expands availability of working family household and dependent care tax credit, primarily for students with income less than 110% of federal poverty level. To qualify as a student, individual is required to be attending school as a degree-seeking student enrolled on a full-time or part-time basis and to be qualified for student financial aid.

Measure limits amount of employment-related expenses to lesser amount attributable to either spouse on a combined return plus spouse's imputed income if applicable. Measure expands potential credit to taxpayers that reside in Oregon that earn income in another state. For students with adjusted gross income as a percentage of federal poverty level less than or equal to 110%, potentially increases applicable percentage to be used in determining credit amount by referencing maximum percentage allowed based on age of youngest qualifying individual. Provides imputed income amount for students resulting in increased ability for students to claim a greater amount of actual employment-related expenses as employment-related expenses are limited by sum of earned income subject to taxation and imputed income.

Estimated impacts were derived from a combination of sources relating to dependent care expenses and income amount for students with children. Basis for estimating number of enrolled degree-seeking students qualified for student financial aid was based upon number of students that have submitted completed Free Application for Federal Student Aid.

Creates, Extends, or Expands Tax Expenditure: Yes No

The changes to: affordable housing lender credit, film production development contributions credit and credit for producer or collector of manure used as biofuel or to produce biofuel contained in measure are largely technical and as such, no policy statement is included for these three credits.

Working family household and dependent care tax credit

The policy purpose of this measure is to enable low-income families to care for young children and disabled dependents by offsetting costs so that they may be gainfully employed or attend school on a full or part-time basis.