FISCAL IMPACT OF PROPOSED LEGISLATION **Measure: SB 1529 - B**

79th Oregon Legislative Assembly – 2018 Regular Session
Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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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. Repeals the tax haven law for tax years 2017 and later.

Government Unit(s) Affected:
Department of Revenue (DOR), Public Employees Retirement System (PERS)

Summary of Expenditure Impact:
Costs related to the measure are anticipated to be minimal - See explanatory analysis.

Analysis:
This bill updates the connection date to the Internal Revenue Code and other provisions of federal tax law. The bill also disconnects from the federal tax provisions that provide a deduction for certain repatriated corporate income, and creates a corporate tax credit that will reduce the potential for double taxation associated with the repatriation provisions. The result of this disconnection is an estimated $140 million increase in corporate tax revenue.

The measure establishes the Employer Incentive Fund, which retains interest earnings. The fund is continuously appropriated to the Public Employees Retirement System (PERS). Under this bill, the fund is capitalized with 18%, or an estimated $25 million, in one-time funding. The measure also establishes the School District Unfunded Liability Fund, which retains interest earnings. The fund is continuously appropriated to PERS. Eighty-two percent of the estimated revenue generated from the provisions in this bill will be transferred to this fund. The proceeds of the measure will become available for the payment of the liabilities of employers and school districts. These funds will have an indeterminate impact on the Unfunded Accrued Liability and future employer contribution rates, depending upon how the PERS Board decides to use and allocate this revenue to various accounts within the Public Employees Retirement Fund.

This bill will have a minimal fiscal impact on the Department of Revenue and no fiscal impact on the administrative costs for the Public Employees Retirement System.