

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
80th Oregon Legislative Assembly
2019 Regular Session
Legislative Revenue Office

Bill Number:	HB 2134 - 4
Revenue Area:	Personal Income Tax
Economist:	Kyle Easton
Date:	4/26/2019

Only Impacts on Original or Engrossed Versions are Considered Official

Measure Description:

Extends sunset of personal income tax credit for political contributions from January 1, 2020 to January 1, 2026. Applicable to tax years 2020 through 2025, specifies a taxpayer may not claim the credit if taxpayer has federal adjusted gross income in excess of \$150,000 on a joint return or \$75,000 on any other type of return.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2019-20	2020-21	2019-21	2021-23	2023-25
General Fund	0	-\$5.7	-\$5.7	-\$10.8	-\$11.5

Impact Explanation:

Under current law, tax year 2019 is the final tax year in which a political contribution tax credit may be claimed, and credit is not allowed to taxpayers with federal adjusted gross income (AGI) in excess of \$200,000 on a joint return or \$100,000 on any other type of return. Measure extends availability of political contribution tax credit through tax year 2025 and reduces AGI limits to \$150,000 on a joint return or \$75,000 on any other type of return.

Extending the current law sunset causes a decrease in expected General Fund revenue. Revenue impact estimate portrays the cost of extending the credit under the reduced AGI limits. Reducing the AGI limits decreases the cost of extending the tax credit by about \$1 million per year. For example, the cost of extending the sunset in the 2021-23 biennium without AGI modifications is estimated at -\$12.7 million as compared to the -\$10.8 million cost of extending the sunset with the AGI modification contained in the -4 amendment.

Estimate of General Fund revenue loss was made through an analysis of historic usage of the political contributions tax credit as reported on personal income tax returns.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this measure is to encourage large numbers of people to contribute small amounts of money to political parties and candidates thereby encouraging participation in the political process.