REVENUE IMPACT OF PROPOSED LEGISLATION

80th Oregon Legislative Assembly
2020 1st Special Session
Legislative Revenue Office

Bill Number: HB 4212 - A

Date: 6/26/2020

Only Impacts on Original or Engrossed Versions are Considered Official

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This office has reviewed the proposed legislation and determined that it has

Minimal Revenue Impact

The varied provisions in the bill generally have no revenue impact but there are some provisions that may have a minimal impact. Those provisions are described below.

The bill extends, by six months, the existing designation of Enterprise Zones (EZs) that are currently specifically set to expire on June 30, 2020. When an EZ is designated, and while it is active, the zone sponsors may negotiate and sign agreements with entities offering incentives, including property tax exemptions. Once executed, these agreements have a statutory life of 2-5 years (or 7-15 years in the case of long-term rural EZs). Under current statute, due to the statutory life of the agreements, this means that even if the zone designation terminates or expires, previously executed agreements remain viable and in place for the life of the agreement, conditional on parties fulfilling their statutory obligations. This is unaffected by the passage of HB 4212. However, no new agreements may be formed without an active designation. Most EZs have multiple sponsors, necessitating communication and organization. This bill would provide an additional six months of active zone designation, which will allow for additional communication among the zone sponsors and negotiation with participants. The passage of HB 4212 does not extend the life of any existing property tax exemptions or agreements with businesses. It does, however, provide zone sponsors the opportunity to request renewal of the zones or restructure and reform new zones.

Modifications to the Individual Development Account (IDA) program are expected to have a minimal impact on General Fund revenue. This minimal impact is due to potentially greater use of Oregon's existing income tax subtraction for IDA contributions, matching donations and account earnings. The tax credit for IDA contributions is not affected by the bill.

The limitations placed on the potential garnishment of rebate payments made under the Coronavirus Aid, Relief, and Economic Security (CARES) Act codify the language of the Governor's Executive Order 20-18 but with some changes. Namely, the "lookback" time period for the CARES rebates is changed from a rolling two-month time period to having a specific start date of March 8, 2020. The rolling two-month time period becomes effective again on September 30, 2020. This change could, for the specified time period, reduce the amount of funds subject to garnishment. Regardless of the Executive Order, the Department of Revenue is not actively pursuing garnishments on CARES rebates due to federal guidance. It's also important to note that this change affects collections on outstanding debt and does not change tax liabilities. Taken together, the result of enacting this provision may shift collections from this year into future years. The result is expected to be a net minimal impact.

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