

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2433 - 6

81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office*Only Impacts on Original or Engrossed
Versions are Considered Official*

Prepared by: Michael Graham
 Reviewed by: Ben Ruef, Julie Neburka, Doug Wilson, John Borden, Zane Potter, Michelle Deister, Matt Stayner, Amanda Beitel
 Date: June 14, 2021

Measure Description:

Extends sunset provisions and makes minor clarifying and substantive policy changes to existing Oregon tax laws and tax credits.

Government Unit(s) Affected:

Department of Revenue (DOR), Housing and Community Services Department (HCSD), Oregon Judicial Department (OJD), Department of Consumer and Business Services (DCBS), Oregon Military Department (OMD), Oregon Health Sciences University (OHSU), Legislative Counsel (LC), Oregon Film and Video Office

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

	2021-23 Biennium	2023-25 Biennium
Department of Revenue (DOR)		
General Fund		
Personal Services	402,889	625,738
Services and Supplies	178,872	140,306
Capital Outlay	7,168	
Total General Fund	\$588,929	\$766,044
Other Funds		
Personal Services	8,223	12,771
Services and Supplies	3,650	2,865
Capital Outlay	146	
Total Other Funds	\$12,019	\$15,636
TOTAL FISCAL IMPACT	\$600,948	\$781,680
Positions	17	18
FTE	3.02	3.98

Analysis:

House Bill 2433, as amended by the -6 amendments, replaces the introduced version. The measure is an omnibus tax bill that extends sunset provisions and makes minor clarifying changes and substantive policy changes to existing tax laws and credits. Among the changes are:

- Extends sunset of tax credit for a child with a disability
- Extends sunset of tax credit for taxpayer a severe disability
- Extends sunset of tax credit for rural medical providers
- Extends sunset of tax credit for the Public University Venture Development Fund
- Extends sunset of tax credit for Working Family Dependent Care
- Expands the eligibility of the Working Family Dependent Care credit
- Modifies provisions relating to contributions to Individual Development Accounts

- Extends sunset of tax credit for the Oregon Life and Health Insurance Guaranty Association
- Extends sunset of tax credit for Oregon Veterans' Home physicians
- Increases the tax credit cap of the Agriculture Working Housing program
- Increases the annual cap for the Affordable Housing Lender's credit
- Increases the annual cap of the Film and Video credit
- Extends the sunset date of the Film and Video Greenlight Oregon Labor Rebate program
- Allows a personal income tax subtraction for AmeriCorps national service educational awards
- Expands the Oregon Earned Income Tax Credit to Individual Taxpayer Identification Number (ITIN) filers
- Establishes a sunset date for the exemption of medical purchases from the retail marijuana tax
- Exempts military quarters used for temporary occupancy by servicemembers, veterans, and employees from state and local transient lodging taxes

The measure applies to various tax years, including tax year 2021 and beyond, and takes effect 91 days after adjournment *sine die*.

Department of Revenue

The measure would have a fiscal impact on the Department of Revenue. Of all the various changes in the measure, the changes to the Working Family Household and Dependent Care credit, the Oregon Earned Income Tax Credit and the new subtraction for educational awards received by AmeriCorps volunteers are anticipated to have the most substantial fiscal impact on DOR's operations. DOR estimates the fiscal impact of this bill to be \$600,948 total funds, including \$588,929 General Fund, and 17 positions (3.02 FTE) for the 2021-23 biennium. These amounts include capital outlay for furniture and equipment, legal costs, salary and related expenses for the following positions:

- Four Operations and Policy Analyst 2 positions to conduct rulemaking, update forms, create new tax schedules, develop content on DOR's website, train staff and test GenTax.
- One Office Specialist 1 to process mail, add postage, and sort mail.
- One Data Entry Operator to provide seasonal key paper returns.
- One Office Specialist 2 to process suspense accounts and appeals.
- Two Administrative Specialist 2 positions to provide clerical support.
- Eight Public Service Representative 3 positions to process ITIN filers

All the requested positions, except for one Administrative Specialist 2, would be part-time seasonal or limited duration positions. For the 2023-25 biennium, DOR estimates the fiscal impact of this bill to be \$781,680 total funds, including \$766,044 General Fund, and 18 positions (3.98 FTE).

Although the measure does not have a subsequent referral to the Joint Committee on Ways and Means, the Committee will provide additional resources in the 2021-23 budget for DOR to implement the measure.

Other Agencies

The measure would have a minimal fiscal impact on the Oregon Judicial Department and the Housing and Community Services Department. The measure is not anticipated to have a fiscal impact on the Department of Consumer and Business Services, Oregon Military Department, Oregon Health Sciences University, Legislative Counsel, and the Oregon Film and Video Office.