

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 129 - 1

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

Prepared by: Michael Graham
Reviewed by: Doug Wilson, Kim To, John Borden
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Measure Description:

Sunsets the tax credit for certified contributions to the Opportunity Grant Fund.

Government Unit(s) Affected:

Higher Education Coordinating Commission, Department of Revenue, Judicial Department

Summary of Fiscal Impact:

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

Analysis:

Senate Bill 129, as amended by the -1 amendments, sunsets on January 1, 2023 the tax credit for certified contributions made by a taxpayer during the tax year to the Opportunity Grant Fund. The measure takes effect 91 days after adjournment *sine die*.

The Opportunity Grant tax credit was enacted in 2018 as part of Senate Bill 1528. According to the Legislative Revenue Office, the stated purpose of the tax credit was to establish an additional funding source to be used to support the Oregon Opportunity Grant program, and thereby expand support to Oregon higher education students in need of financial assistance. It should also be noted that the credit was intended to provide a net increase in Opportunity Grant funding rather than a shift from existing funding sources.

The Opportunity Grant Program tax credit is available for purchase at auction by taxpayers. By statute, the Department of Revenue (DOR) is required to conduct the auction on behalf of the Higher Education Coordinating Commission (HECC). The revenue generated from the tax credit auction is transferred to the Opportunity Grant Program, which is administered by HECC. Auctions are generally held in December of the tax year for which they may be claimed, with an additional auction held a few months later before the income tax filing due date, to sell any remaining tax credits that were unsold in December. According to the Legislative Revenue Office, no more than \$14 million in tax credits is sold at auction per fiscal year.

Higher Education Coordinating Commission

By sunseting the tax credit, the measure in effect would terminate these auctions, and therefore, deposits of auction proceeds into the Opportunity Grant Fund. However, the Oregon Opportunity Grant would continue to operate, only without the contribution of these tax credits.

If the Legislative Assembly does not replace this source of revenue with General Fund or Lottery Fund monies, the measure would reduce revenues for the Opportunity Grant by an estimated \$14 million Other Funds for one year of the 2023-25 biennium. As a result, HECC would award \$14 million less in special payments for grant moneys to eligible students beginning in the 2025 academic year, after the remaining tax credit funds are awarded in 2024.

The measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its impact to the Opportunity Grant Fund and HECC's biennial budget.

Department of Revenue

The measure is anticipated to have no fiscal impact on DOR.

Judicial Department

The measure is anticipated to have no fiscal impact on the Judicial Department.