

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2071 - 5

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:

Extends the sunset dates of various tax credits. Creates personal and corporate income tax credit available to taxpayers selling publicly supported housing to purchasers that enter into recorded affordability restriction agreement for a period of at least 30 years.

Government Unit(s) Affected:

Housing and Community Services Department, Department of Revenue, Judicial Department, Oregon Department of Fish and Wildlife, Oregon Health and Science University

Summary of Fiscal Impact:

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

Summary of Expenditure Impact:

	2023-25 Biennium	2025-27 Biennium
Housing and Community Services Department		
General Fund		
Personal Services	\$195,569	\$223,508
Services and Supplies	\$20,780	\$20,780
Total General Fund	\$216,349	\$244,288
Total Fiscal Impact	\$216,349	\$244,288
<i>Total Positions</i>	1	1
<i>Total FTE</i>	0.88	1.00

Analysis:

House Bill 2071, as modified by the -5 amendments, extends the sunset dates of various tax credits, including tax credits available for fish screening devices, bypass devices, or fishways; affordable housing lenders; agriculture workforce housing projects; the Cultural Trust; political contributions; volunteer, rural emergency service providers; employer-provided scholarships; contributions to 529 plans or ABLE accounts; short-line railroads; reservation enterprise zones; Public University Venture Development Fund contributions; and Individual Development Account contributions.

The measure creates a personal and corporate income tax credit available to taxpayers selling publicly supported housing to purchasers that enter into recorded affordability restriction agreements for a period of at least 30 years. The measure requires taxpayers to first receive credit certification from the Housing and Community Services Department (HCSD). Certification credits are limited to no more than \$3 million per calendar year.

The measure takes effect 91 days after adjournment *sine die*.

Housing and Community Services Department

The measure is anticipated to have a fiscal impact on HCSD. The measure changes the Oregon Affordable Housing Tax Credit, which is a state income tax credit that produces lower rents for low-income renters in affordable

housing projects. This credit allows banks to reduce interest rates on loans for affordable housing and claim a state income tax credit equal to the lost interest income caused by the lower rate. Property owners must agree to pass 100% of the interest savings to low-income tenants in the form of permanent rent reductions. The measure expands the applicability of this tax credit to apply to limited equity cooperatives.

To implement these changes, HCSD will need to stand up new a tax credit program section within its Homeownership Division, creating new rules and program manuals to ensure that the tax credit does not conflict with any existing homeownership development programs. HCSD will also need to provide long-term compliance for this type of project, which might be different than compliance for rental projects that use this same tax credit. HCSD anticipates needing one permanent, full-time Program Analyst 3 position (0.88 FTE) to this manage this increase in workload and oversee long-term compliance. The estimated cost of this position, including related services and supplies, is \$216,349 General Fund in the 2023-25 biennium and \$244,288 General Fund in the 2025-27 biennium.

Other Government Units

The measure is anticipated to have a minimal fiscal impact on the Department of Revenue, Judicial Department, Oregon Department of Fish and Wildlife, and no fiscal impact on Oregon Health and Science University.