

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 3235 - A10**

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:

Creates refundable child tax credit, calculated based on number of dependents of taxpayer that are qualifying children with respect to taxpayer and are under six years of age at close of tax year.

Government Unit(s) Affected:

Department of Revenue

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
Department of Revenue		
General Fund		
Personal Services	\$858,462	\$1,112,525
Services and Supplies	\$99,763	\$76,243
Total General Fund	\$958,225	\$1,188,768
Other Funds*		
Personal Services	\$17,519	\$22,705
Services and Supplies	\$2,036	\$1,556
Total Other Funds	\$19,555	\$24,261
Total Fiscal Impact	\$977,780	\$1,213,029
<i>Total Positions</i>	7	7
<i>Total FTE</i>	5.38	7.00

Analysis:

HB 3235-A10 creates a new refundable credit for personal income tax returns for filers with a dependent under the age of six years old. The refundable credit is \$1,000 per qualifying dependent. Both full-time and nonresident or part-year residents are eligible for the credit. Income thresholds and the credit calculation will be adjusted annually based on the cost of living using the Consumer Price Index. The credit applies to tax years on or after January 1, 2023, and before January 1, 2029. The measure is effective on the 91st day following sine die.

The fiscal impact of the measure on the Department of Revenue (DOR) for the 2023-25 biennium is \$977,780 Total Funds (\$958,225 General Fund) and seven positions (5.38 FTE). Costs increase to \$1,213,029 Total Funds (\$1,188,768 General Fund) for the 2025-27 biennium as seven positions increase to 1.00 FTE each (7.00 FTE).

To implement the measure, the following positions are anticipated:

- One permanent full-time Operations and Policy Analyst 2 position (0.88) to conduct outreach and education to raise awareness of the new credit among taxpayers.

- Four permanent full-time public service representative 3 positions to process the anticipated increase in taxpayer and financial institution questions and communications.
- One permanent full-time Revenue Supervisor 2 position (0.79 FTE) to maintain staffing ratios.
- One permanent full-time Administrative Specialist 2 position to validate credit compliance on tax returns.