

Preliminary

**REVENUE IMPACT OF
 PROPOSED LEGISLATION**
 Seventy-Sixth Oregon Legislative
 Assembly
 2011 Regular Session
 Legislative Revenue Office

Bill Number: HB 3672 - 7
 Revenue Area: Income Taxes
 Economist: Chris Allanach
 Date: 6/15/2011

Measure Description: Extends the sunset date for the following income tax credits: the biomass credit, fire insurance credit, E-commerce zone credit, long-term rural enterprise zone credit, research and development credit, film and video contributions credit (and Green Light rebate), and fish screening credit. Extends and modifies the residential energy tax credit. Replaces the existing business energy tax credit with three separate credits: a conservation credit, a renewables energy credit, and a transportation credit.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2011-12	2012-13	2011-13	2013-2015	2015-2017
General Fund	\$9.5	-\$19.5	-\$10	-\$53.1	-\$73.3

Impact Explanation: The impacts shown are the net impacts of the policies contained in the bill. By effectively ending the existing business energy tax credit this biennium, this measure raises revenue to fund the extension of various tax credits. In general, the extension of the sunset reduces revenue only in the second year of the 2011-13 biennium. The larger impact in 2013-15 is due to the combination of two factors. First, the 2013-15 biennium includes two full years of revenue losses from the sunset extensions. Second, the gross revenue gain is slightly less in 2013-15 as the business energy tax credit was scheduled to sunset in 2012. The revenue gain from this sunset was already included in the May 2011 forecast. To provide context for the impact of these policy changes, had the sunset dates for all of these credits simply been extended for six years, the revenue impacts would have been -\$40 million in 2011-13, -\$170 million in 2013-15, and -\$294 million in 2025-17.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this measure is encourage continued investment in Oregon's economy within the existing budget constraints by focusing on the area's covered by the tax credits included in this bill.