

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

Bill Number: HB 3672 - A
Revenue Area: Income Taxes
Economist: Chris Allanach
Date: 6/17/2011

Measure Description: Extends the sunset date for the biomass, fire insurance, E-commerce zone, long-term rural enterprise zone, research and development, film and video contributions, and fish screening income tax credits. Also extends the Green Light rebate program and the partial sunset (pertaining to the criteria for qualifying counties) for the Oregon Investment Advantage (OIA) program. 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 contribution credit, and a transportation credit. All but two sunsets are extended to January 1, 2018; a portion of the transportation credit is extended to January 1, 2016 and the partial sunset of the OIA program is extended to July 1, 2016.

Revenue Impact (in \$Millions):

| | Fiscal Year | | Biennium | | |
|--------------|-------------|---------|----------|-----------|-----------|
| | 2011-12 | 2012-13 | 2011-13 | 2013-2015 | 2015-2017 |
| General Fund | \$9.5 | -\$19.5 | -\$10.0 | -\$53.3 | -\$73.4 |

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 each fiscal year to fund the extension of various tax credits. As for gross negative revenue impacts, the extensions of the sunsets first reduce revenue in the second year of the 2011-13 biennium. The larger net negative 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 compared to 2011-13. In 2015-17, there is some growth in the revenue loss compared to 2013-15, but the revenue gain declines, so the net impact is a larger revenue loss. To provide context for the impact of these policy changes, had the sunset dates for all of these credits 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 2015-17.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this measure is to encourage continued investment in Oregon's economy and environment within existing budget constraints.