

## FISCAL IMPACT OF PROPOSED LEGISLATION

79th Oregon Legislative Assembly – 2018 Regular Session  
Legislative Fiscal Office

Measure: SB 1528 - A13

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

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### **Measure Description:**

Requires the Oregon Department of Revenue, in cooperation with the Higher Education Coordinating Council, to conduct an auction offering tax credits.

### **Government Unit(s) Affected:**

Department of Revenue (DOR), Higher Education Coordinating Commission (HECC)

### **Summary of Expenditure Impact:**

Operational costs related to the measure are anticipated to be minimal - See explanatory analysis.

### **Analysis:**

This bill requires the Oregon Department of Revenue (DOR) to conduct an annual tax credit auction for the benefit of the Oregon Opportunity Grant Fund, a new fund created by the bill. This new fund is managed by the Higher Education Coordinating Council (HECC) and supports higher education scholarships for low-income Oregon students. DOR conducts a similar auction each year for the Oregon Film Office. During the one-week auction, Oregon taxpayers bid on tax credits that can be used to reduce their state income tax owed. Bids must be at least 95% of the value of the credit. Winning bidders remit their successful bid amounts to HECC for deposit into the Oregon Opportunity Grant Fund and HECC provides the bidders with a certificate showing receipt of the funds.

The bill also creates a statutory add-back for the new federal Qualified Business Income deduction under IRC section 199A in the federal Tax Cuts and Jobs Act of 2017.

### Department of Revenue

The Department of Revenue (DOR) has several years of experience with the tax credit auction for the Oregon Film Office. DOR will have to update their forms and instructions, as well as their computer system and website, to incorporate the new tax credit auction and resulting tax credit into its systems. DOR will also conduct the auction. The activities associated with the tax credit auction, and the other tax changes in the bill, are part of the department's normal workload and can be absorbed by the agency. The bill allows DOR to recover their actual costs for running the auction -- up to .25% of the auction proceeds.

### Higher Education Coordinating Council

The tax credit auction is conducted once a year, in September, by DOR. HECC's role in the auction is limited to collection and certification of funds and informing the public about its availability. The bill authorizes HECC to recover their actual costs incurred in connection with the auction -- up to 0.25 percent of the auction proceeds.

HECC will need to provide information about the auction on its website, answer questions from the public about how the auction works, and track successful bidders and their contributions to the Oregon Opportunity Grant Fund. HECC will use existing staff to track and manage the funds appropriately and communicate with the public. The fiscal impact related to the operations of HECC from this bill is likely minimal, but if the workload exceeds expectations, HECC may request staffing resources from the Emergency Board or 2019 Legislature.

If the tax credit auction is successful, the amount of funds available for the Oregon Opportunity Grant program could increase by just over \$13 million. To access these new resources, the Other Funds expenditure authority for the program would have to be increased.