2009 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 2777 **STATUS:** A Engrossed
SUBJECT: Machinery and equipment investment tax credit
GOVERNMENT UNIT AFFECTED: Department of Revenue and Economic and Community Development Department.
PREPARED BY: Dawn Farr
REVIEWED BY: Laurie Byerly and Steve Bender
DATE: April 29, 2009

	2009-2011	2011-2013
EXPENDITURES:		
See Comments.		

REVENUES:
See Revenue Impact Statement prepared by the Legislative Revenue Office.

EFFECTIVE DATE: 91st day after sine die.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: The bill creates an income tax credit for qualified investments in machinery and equipment; directs the Economic and Community Development Department (OECDD) to review applications and issue certifications for qualified investments; and sunsets the program on July 1, 2014.

This fiscal impact statement is for the purpose of transmitting the measure from the House Committee on Sustainability and Economic Development to the House Revenue Committee.

OECDD indicates that they do not administer any other tax credits, so they have no existing program or staff expertise to do the program administrative work required under the bill. As a result, OECDD anticipates a fiscal impact associated with this bill that will include expenditures for personal services, related services and supplies, and Attorney General fees. The agency assumes these expenditures will need to be covered with additional Lottery Funds spending limitation. OECDD's fiscal associated with this bill is still being reviewed.

The Department of Revenue (DOR) is concerned that the bill does not clearly identify which department is responsible for prorating the credit when the equipment isn't used for 36 months. Assuming this is not a DOR responsibility, the agency anticipates a minimal fiscal impact associated with this bill.

A more complete fiscal analysis on the bill will be prepared as the measure is considered in the House Revenue Committee.