

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

Bill Number: HB 2657  
Revenue Area: Income taxes  
Economist: Chris Allanach  
Date: 2/8/2011

**Measure Description:**

Creates an income or corporate excise tax credit for certified capital improvements to businesses or homes. The capitol improvement must be at least \$5,000 for homes and at least \$25,000 for businesses. The project must be started before the later of September 30, 2011 or the effective date of the Act. The maximum credit is \$50,000 for homes and is \$500,000 for businesses. The credit is 100 percent of certified costs for improvements that are either energy efficient or ADA-compliant; it is 50 percent for all other projects. The tax credit may not exceed the taxpayer's liability and may not be carried forward. For projects with certified costs of more than \$100,000, the credit is allowed to be taken in 25 percent increments over four years. Grants the Departments of Revenue, Energy, and Human Services rule-making authority.

**Revenue Impact (in \$Millions):**

This bill would have a revenue loss that depends on the number of homeowners and business owners who make qualified capital improvements, as well as the sizes of those projects. Given the timing restrictions provided in the bill, most of the revenue impact would occur during the 2011-13 biennium. Some of the revenue impact could be extended into the 2013-15 biennium if taxpayers choose to take the credit over four years. More analysis will be done when the bill is in the Joint Committee on Tax Credits.

**Impact Explanation:**

The magnitude of the revenue impact depends on the scope of projects undertaken. The timing of the revenue impact depends on the certification process, when the projects are initiated, and whether the taxpayers choose to claim the entire credit or, where eligible, claim it over four years. The bill states that taxpayers must begin or implement the capital improvement before the later of September 30, 2011 or the effective date of the Act. The bill also requires the Departments of Revenue, Energy, and Human services to establish rules for certifying project costs, for certifying projects as energy efficient, and for certifying projects as ADA-compliant, respectively.

**Creates, Extends, or Expands Tax Expenditure:**      Yes  No

The policy purpose of this measure is  
*(to be completed by the Committee on Transportation and Economic Development)*