**76TH OREGON LEGISLATIVE ASSEMBLY 2011 Regular Session**
**STAFF MEASURE SUMMARY**
**JOINT COMMITTEE ON TAX CREDITS**

**MEASURE: HB 3672 A**
**CARRIER: Sen. Burdick, Sen. Morse**

**REVENUE: Revenue Impact Issued**
**FISCAL: Fiscal Impact Issued**

**Action:** Do Pass the A- Engrossed bill
**Vote:** 12-0-0
**House Yeas:** Barnhart, Bentz, Brewer, Gelser, Read. Wand, Bailey, Berger
**Senate Yeas:** Hass, Morse, Telfer, Burdick
**Nays:** 0
**Exc.:** 0
**Prepared By:** Chris Allanach, Economist
**Meeting Dates:** 6/13; 6/14; 6/15; 6/16

**WHAT THE BILL DOES:** 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.

**ISSUES DISCUSSED:**
- The state's fiscal situation
- The impact of the credits on the state's economy

**EFFECT OF COMMITTEE AMENDMENTS:** Replaces bill.

**BACKGROUND:** The 2009 Legislative Assembly passed HB 2067 which placed sunset dates on most personal and corporate income tax credits. In general, they were organized into three groups – those that sunset in 2012, 2014, and 2016. The credits that are scheduled to sunset in 2012 have been reviewed by the 2011 Assembly. This bill represents the culmination of that work and includes those credits that have been extended as well as modified.

A total of twenty tax credits that existed in law prior to the 2011 session were reviewed. Ten of these credits were not extended by the Committee. (One of these ten had its sunset date accelerated to July 1, 2011 in HB 3170.) Most credits have been extended six years, until 2018. If all existing tax credits under consideration during the 2011 session had been extended, the revenue impact to the General Fund would have been -$40 million in 2011-13, -$170 million in 2013-15, and -$294 million in 2015-17.