

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
80th Oregon Legislative Assembly
2019 Regular Session
Legislative Revenue Office

Bill Number:	SB 198
Revenue Area:	Personal Income Tax
Economist:	Kyle Easton
Date:	3/11/2019

Only Impacts on Original or Engrossed Versions are Considered Official

Measure Description:

Extends to January 1, 2026, sunset of personal income tax credit available to individuals aged 62 years or older that receive certain taxable retirement income.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2019-20	2020-21	2019-21	2021-23	2023-25
General Fund	0	-0.7	-0.7	-1.3	-1.2

Impact Explanation:

Existing law sunsets the certain retirement income tax credit on 1/1/2020. Extending the sunset of the credit for six years is estimated to reduce personal income tax revenues beginning in fiscal year 2020-21. The estimated reduction in revenue is expected to decrease in later years, reflective of the credit income qualification parameters not being indexed to inflation. The non-indexed parameters are expected to cause fewer taxpayers to qualify for the credit, or qualify to a lesser extent, in future tax years.

This estimate was made based on an analysis of historic use of the credit as reported on income tax returns. In tax year 2016, roughly 5,200 taxpayers claimed the credit with the average benefit of the credit being about \$130.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this measure is to provide tax relief to low-income individuals with pension income.