

**FISCAL IMPACT OF PROPOSED LEGISLATION**

Measure: SB 929

80th Oregon Legislative Assembly – 2019 Regular Session  
Legislative Fiscal Office*Only Impacts on Original or Engrossed  
Versions are Considered Official*Prepared by: Michael Graham  
Reviewed by: John Borden, Matt Stayner  
Date: 4/3/2019**Measure Description:**

Creates tax credit for certified historic property project contributions.

**Government Unit(s) Affected:**

Department of Revenue (DOR), Oregon Parks and Recreation Department (OPRD)

**Summary of Fiscal Impact:**

Costs related to the measure may require budgetary action - See analysis.

**Summary of Expenditure Impact:****Oregon Parks and Recreation Department**

<b>Lottery Funds</b>	<b>2019-21 Biennium</b>	<b>2021-23 Biennium</b>
Personal Services	\$147,802	\$177,363
Services and Supplies	64,361	68,167
<b>Total Lottery Funds</b>	<b>\$212,163</b>	<b>\$245,530</b>
Positions	1	1
FTE	0.83	1.00

**Analysis:**

The measure would create a tax credit for contributions to certified historic properties. It would direct the Department of Revenue, in cooperation with the State Historic Preservation Office, to auction this tax credit. The measure would establish the State Historic Property Project Fund, into which the proceeds from the auction would be deposited to rebate property owners for eligible expenses for rehabilitation and seismic retrofitting of historic properties. Rebate payments made from the State Historic Property Project Fund would be administered by State Historic Preservation Office. The measure would apply to applications for rebates submitted after July 1, 2019 for tax years beginning on or after January 1, 2020 and before January 1, 2026. The measure would take effect 91 days after the Legislative Assembly adjourns *sine die*.

**Department of Revenue (DOR):**

The measure would require DOR to create new credit and addition codes and explanation codes in its instructions and publications, which would be programmed and tested prior to the first auction. Beginning in 2020, DOR would need to conduct at least one auction. DOR might need to hold more than one auction if it failed to auction off the full amount of credits and corresponding rebates per million, which are left blank in the measure. DOR would need to update its auction forms and update its website to process the new auction payments. DOR would also need to establish a new account for the State Historic Property Project Fund to transfer proceeds to it.

DOR would need to make minor changes to its forms, publications, website, and bid forms prior to the first auction, which would not require any additional staffing or resources. The measure would have a minimal fiscal impact on DOR.

**Oregon Parks and Recreation Department (OPRD):**

The State Historic Preservation Office (SHPO), within OPRD, manages and administers programs to protect the state's historic and cultural resources. The measure would require SHPO to continuing oversight of projects eligible for the State Historic Property Project Fund tax credit. However, preservation specialists within SHPO do not have expertise in seismic retrofitting or creating and preserving workforce housing because that is beyond the scope of their current work. For that reason, SHPO would need to hire an outside consultant to help SHPO establish rulemaking procedures relating seismic retrofitting or creating and preserving workforce housing. SHPO would incur a one-time cost of \$20,000 in Lottery Funds in the 2019-21 biennium for services and supplies.

SHPO would also be responsible for managing the State Historic Property Project Fund. Specifically, SHPO would need to issue rebates to property owners for eligible expenses for rehabilitation and seismic retrofitting of historic properties. To issue these rebates, SHPO would need to execute housing covenants to ensure properties are used as workforce housing, or approve and verify eligible expenses for seismic retrofitting. To manage these added responsibilities, SHPO anticipates it would incur additional Attorney General costs for legal services in the next two biennia. SHPO would also need a permanent, full-time Program Analyst 2 (0.83 FTE in 2019-21, 1.00 FTE in 2021-23). In total, OPRD would incur an additional \$212,163 of Lottery Funds in 2019-21 and \$245,530 of Lottery Funds in 2021-23.

The measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its budgetary impact to OPRD.