

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

| | |
|---------------|-----------------------|
| Bill Number: | HB 3028 - A |
| Revenue Area: | Personal Income Taxes |
| Economist: | Kyle Easton |
| Date: | 4/3/2019 |

Only Impacts on Original or Engrossed Versions are Considered Official

Measure Description:

Extends sunset for Oregon earned income tax credit from 1/1/2020 to 1/1/2026.

Applicable to tax years 2020 through 2025, increases Oregon earned income tax credit from 8% to 12% of federal earned income tax credit. For taxpayers with a dependent under the age of three at the close of the tax year, increases Oregon credit percentage from 11% to 18% of federal earned income tax credit. For taxpayers with a youngest dependent three years of age or older and under six years of age at the close of the tax year, measure increases Oregon credit percentage from 8% to 15% of federal earned income tax credit. Allows an eligible resident individual to claim a credit using either a Social Security Number or an individual taxpayer identification number if the individual would otherwise be eligible for an earned income tax credit under federal law.

Revenue Impact (in \$Millions):

| | Fiscal Year | | Biennium | | |
|---------------------|-------------|---------|----------|---------|---------|
| | 2019-20 | 2020-21 | 2019-21 | 2021-23 | 2023-25 |
| General Fund | 0 | -95 | -95 | -200 | -210 |

This measure has a subsequent referral to the House Committee on Revenue for which a full revenue impact statement will be developed. The revenue impact numbers contained in table are initial rounded estimates and subject to change.

The combination of the six-year extension of the current law sunset and the expansion of the credit is expected to reduce general fund revenue by amount displayed in revenue impact table. In tax year 2016, about 280,000 taxpayers claimed Oregon’s earned income tax credit. The overall average credit amount claimed for full-year tax filers in 2016 was \$170. As an example, using a credit percentage of 12% rather than 8% would increase a \$170 credit to \$255.

Creates, Extends, or Expands Tax Expenditure: Yes No