

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
81st Oregon Legislative Assembly
2021 Regular Session
Legislative Revenue Office

Bill Number: HB 2551 - 3
Revenue Area: Income Taxes
Economist: Kyle Easton
Date: 3/23/2021

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description:

Extends sunset, from January 1, 2022 to January 1, 2028, of tax year in which tax credit for donations made to a fiduciary organization for distribution to individual development accounts is available. Allows credit to be claimed for a donation made not later than April 15 following December 31 of the tax year for which the credit is allowed. To qualify for credit, requires donations to be made prior to April 15, 2028.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2021-22	2022-23	2021-23	2023-25	2025-27
General Fund		-\$6.6	-\$6.6	-\$13.6	-\$13.9

Impact Explanation:

Individuals or businesses donating to the state-selected fiduciary agency (currently the Neighborhood Partnership Fund) for individual development accounts (IDAs) are allowed a tax credit equal to a percentage of the amount donated. The credit percentage is determined by the fiduciary agency but may not exceed 90 percent of the amount donated. The total credits allowed to all taxpayers in any tax year is limited to \$7.5 million.

Based on an analysis of recent year donation patterns, the estimated revenue loss resulting from credit sunset extension is expected to be about \$6.5 to \$7 million per year. However, individual year donation patterns can be influenced by federal and Oregon tax law, the potential realization of capital gain income by taxpayers, and the solicitation and marketing of IDA donation tax credits. Allowing qualifying credit donations to be made up to April 15th may also increase the use of the credit and/or shift timing of the revenue impact.

This measure has a subsequent referral to the House Committee on Revenue. An expanded revenue impact statement will be developed for that committee.

Further Analysis Required

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this credit is to fund an asset-based antipoverty strategy that promotes personal financial management, investment, and savings for key assets.