

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

Bill Number: HB 2096 - A2
Revenue Area: Income Taxes
Economist: Kyle Easton
Date: 5/5/2021

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

Measure Description:

Modifies existing annual limit on eligible agriculture workforce housing construction tax credits from \$3.625 million per year, to no more than \$16.75 million in total potential credits claimed in a biennium. Takes effect on January 1st, 2022.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2021-22	2022-23	2021-23	2023-25	2025-27
General Fund		-\$0.5	-\$0.5	-\$2.7	-\$5.0

Impact Explanation:

Taxpayers are allowed a credit for the construction, rehabilitation, or acquisition of agriculture workforce housing in Oregon. The credit is fifty percent of the eligible costs of housing projects. The credit can be taken over ten years, with a maximum allowable credit claimed in any one tax year limited to 20% of the total credit amount. Unused credit amounts may be carried forward for up to nine years. The credit can also be transferred.

Modification of agriculture workforce housing tax credit from an annual certification limit equal to \$3.625 million in credits, to a biennial limit equal to no more than \$16.75 million in credits, is expected to increase use of the credit in future years. Increased credit limit becomes effective beginning in the 2021-23 biennium. Estimate reflects existing sunset of credit, which specifies that credit may not be claimed for agriculture workforce housing projects completed in tax years beginning on or after January 1, 2026.

While increasing the tax credit limit is expected to increase credit use, impact on General Fund revenue is expected to be gradual as amount of the credit used to reduce tax liability is spread out over a minimum of five years.

Further Analysis Required

Analysis of historic credit use patterns indicates use of credit can be spread out over many years due to the minimum five-year use requirement, potential tax liability of credit beneficiaries, and the availability of a nine-year credit carryforward.

Estimate is based on a historical analysis of credit use and the potential construction, rehabilitation, or acquisition of agriculture workforce housing in Oregon. Input received from the Oregon Housing and Community Services Department helped to inform the baseline estimate of future qualified agriculture workforce housing.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this credit is to provide support for the construction or rehabilitation of agriculture workforce housing, thereby supporting the goal of ensuring adequate agricultural labor housing through a collaboration of the public, private, and nonprofit sectors.

Further Analysis Required