

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

Bill Number: HB 3302 - 2
Revenue Area: Income Taxes
Economist: Kyle Easton
Date: 5/20/2021

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

Measure Description:

Creates income tax credit available to individuals and corporations that make contributions to a tax-exempt workforce training organization. Specifies qualification requirements to be met for organization to be considered a workforce training organization for purposes of credit. Qualification requirements include being a private tax-exempt nonprofit that is classified in the National Taxonomy of Exempt Entities - Core Codes of J21, J22, J33 or J99. Organizations must also have a mission statement that promotes work and self-sufficiency, provides workforce renewal services directly to clients, spends 50% of annual budget on direct services to clients, and has been incorporated and delivering workforce renewal services for at least two years.

Limits credit to least of, amount of contribution, \$250 for individuals or \$2,500 for corporations, or taxpayer's tax liability. Allows unused credit amounts to be carried forward up to three succeeding tax years. Applies to tax years beginning on or after January 1, 2021 and before January 1, 2031.

Revenue Impact:

See impact explanation.

Impact Explanation:

This measure has a subsequent referral to the Joint Committee on Tax Expenditures. A full revenue impact statement will be developed for that committee.

Examination of credit's potential revenue impact is based on analysis of available financial information of nonprofits expected to meet workforce training organization qualification requirements. Revenue for such organizations is predominantly sourced from government grants and program service revenue with less than 10 percent of overall revenue being sourced from all other contributions. Such "all other contributions" include direct contributions received from individuals and taxable corporations and thus represents the pool of potentially credit qualifying donations. Acquisition of financial and donation information of potentially qualifying nonprofits is ongoing and resulting information will be used to prepare a full revenue impact analysis for the Joint Committee on Tax Expenditures.

Creates, Extends, or Expands Tax Expenditure: Yes No