

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2819 - 4

81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office**Only Impacts on Original or Engrossed
Versions are Considered Official**Prepared by: Michael Graham
Reviewed by: Zane Potter
Date: May 27, 2021**Measure Description:**

Allows an otherwise qualified resident or nonresident individual to claim an earned income tax credit, using either a Social Security number or an individual taxpayer identification number.

Government Unit(s) Affected:

Department of Revenue (DOR)

Summary of Fiscal Impact:

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

Summary of Expenditure Impact:

	2021-23 Biennium	2023-25 Biennium
General Fund	\$407,692	\$207,683
-Personal Services	321,553	197,565
- Services and Supplies	71,804	10,118
-Capital Outlay	14,335	
Other Funds	8,321	4,238
-Personal Services	6,563	4,032
-Services and Supplies	1,465	206
-Capital Outlay	293	
Total Funds	\$416,013	\$211,921
Positions	8	4
FTE	1.36	1.26

Analysis:

House Bill 2819, as amended by the -4 amendments, allows a qualified resident or nonresident individual to claim an earned income tax credit, using either a Social Security number or an individual taxpayer identification number (ITIN), if the individual would otherwise be eligible to claim a credit under Section 32(m) of the Internal Revenue Code. The measure specifies that the credit amount allowed will be the amount that the individual would otherwise be eligible to claim, but for Section 32(m) of the Internal Revenue Code, multiplied by nine percent, or 12 percent for a taxpayer with a dependent under the age of three at the end of the tax year. s provided in this subsection shall equal the percentage, as stated in subsection (1) of this section, of the amount that would be allowed on a federal return, based on the amount of the individual's earned income and the other provisions of section 32 of the Internal Revenue Code. The measure takes effect 91 days after adjournment *sine die* and applies apply to tax years beginning on or after January 1, 2022, and before January 1, 2026.

The measure would have a fiscal impact on the Department of Revenue (DOR). The Personal Income Tax and Compliance Division anticipates needing 8 positions (1.36 FTE) in 2021-23. These positions include: one limited duration, part-time Operations and Policy Analyst 4 position (0.44 FTE) to develop new forms and worksheets, conduct research and prepare new administrative rules; one permanent, part-time Administrative Specialist 2 position (0.38 FTE) to process suspended returns and related appeals, and six seasonal Public Service

Representative 3 positions to respond to inquiries from taxpayers and practitioners (0.70 FTE). The estimated cost to the Personal Income Tax and Compliance Division is \$416,013 total funds in 2021-23.

In 2023-25, the Personal Income Tax and Compliance Division anticipates needing 4 positions (1.26 FTE). These positions include: one permanent, full-time Administrative Specialist 2 position (1.00 FTE), which would be carried over from the 2021-23 biennium; one seasonal Data Entry Operator position to process paper returns into the GenTax system; one seasonal Office Specialist 2 position to clear the name and address suspense and payment suspense in returns; and one season Public Service Representative 3 position to respond to inquiries from taxpayers and tax practitioners. The estimated cost to the Personal Income Tax and Compliance Division is \$211,921 total funds 2023-25.

The measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its impact on DOR's biennial budget.