

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

Bill Number:	HB 2737
Revenue Area:	Personal Income Tax
Economist:	Kyle Easton
Date:	5/5/2021

Only Impacts on Original or Engrossed Versions are Considered Official

Measure Description:

Creates personal income tax subtraction from federal taxable income for amounts received as AmeriCorps national service educational awards. Applies to tax years beginning on or after January 1, 2021.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2021-22	2022-23	2021-23	2023-25	2025-27
General Fund	-0.1	-0.1	-0.2	-0.2	-0.2

Impact Explanation:

Taxpayers receiving AmeriCorps national service educational awards will be allowed a personal income tax subtraction equal to the amount of the education award received by the taxpayer. Education awards can be used to pay current educational expenses at eligible schools or used to repay qualified student loans. Subtraction is not allowed if such education award amount is not included in the taxpayer’s federal gross income.

In the most recent five years for which reporting is available, AmeriCorps participation in Oregon has averaged about 975 participants per year. For the same time period, total education awards for all such Oregon participants has averaged about \$3.9 million per year. This equates to an average education award per participant of about \$4,000. However, roughly half of all participant education award amounts are not used.

Estimate assumes use of education award increases slightly with an average tax benefit per individual of about \$200. The revenue impact estimate was made using an analysis of historic AmeriCorps education awards and related education payments received in Oregon. Impact estimate was also informed by Minnesota’s state income tax subtraction for such AmeriCorps awards.

As measure creates a new tax expenditure without specifying a sunset date, ORS 315.037 limits applicability of proposed subtraction to six tax years. This creates an implicit sunset of the AmeriCorps subtraction as of January 1, 2027.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this measure is to eliminate a tax burden on AmeriCorps members when using their education award, causing a subsequent increase in use of such awards, and acting as an incentive for AmeriCorps members of other states to attend school in Oregon.