

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
81st Oregon Legislative Assembly  
2022 Regular Session  
Legislative Revenue Office

**Bill Number:** SB 1524 - 17  
**Revenue Area:** Corporate Activity Tax,  
Income Tax, Property Tax  
**Economist:** Kyle Easton, Kaitlyn Harger  
**Date:** 2/22/2022

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

**Measure Description:**

Expands availability of rural medical provider income tax credit to include certified medical laboratory scientists and technicians that are employed at a location that is at least 50 miles from a major population center in Oregon. Applies to tax years beginning on or after January 1, 2022.

Extends sunset of Gain Share distributions from July 15, 2024 to July 15, 2030.

Exempts from corporate activity tax, sales of prescription drugs by pharmacies with nine or fewer locations under common ownership within Oregon. Applies to tax years 2022 through 2026.

Makes other modifications to certain tax expenditures and tax programs.

**Revenue Impact (in \$Millions):**

Policy	Biennium		
	2021-23	2023-25	2025-27
<b>General Fund</b>			
Rural medical provider credit	-\$1.0	-\$2.1	-\$2.2
Gain Share			-\$35.8
CAT exclusion deductibility	\$0.1	\$0.2	\$0.2
<b>Total General Fund</b>	<b>-\$0.9</b>	<b>-\$1.9</b>	<b>-\$37.8</b>
<b>Fund Receipts</b>			
Gain Share distributions to local governments			\$35.8
<b>Fund for Student Success</b>			
CAT exclusion	-\$1.7	-\$2.9	-\$2.8

**Impact Explanation:**

**Rural Medical Providers Tax Credit**

Expanding qualification of the rural medical providers tax credit to include qualified medical laboratory scientists and technicians is expected to increase the number of individuals claiming the tax credit by about 250 individuals. Benefit of the tax credit to newly qualified individuals is expected to initially average about \$3,900. Credit first becomes available beginning with tax year 2022. Revenue estimate was informed by occupational employment data and historical average benefit from the tax credit.

**Gain Share Sunset Extension**

Extending the sunset on Gain Share distributions will result in personal income tax receipts, that would otherwise be dedicated to the General Fund, being distributed to local governments. The vast majority of distributions are directed to Washington County with seven other counties having received distributions in past years. Distributions result from determined annual amount of personal income tax revenue attributable to retained jobs and newly created jobs for eligible projects receiving a Strategic Investment Program property tax exemption. Estimate of future distributions is based on an analysis of historic distributions and property tax exemption qualification.

**Corporate Activity Tax Partial Pharmacy Exclusion**

The measure excludes from the definition of commercial activity, prescription drug sales from eligible pharmacies. Eligible pharmacies are defined as pharmacies with nine or fewer locations under common ownership in Oregon. Using information provided by the Oregon Pharmacy Board on the number of pharmacies grouped by owner, LRO compiled an estimate of the number of pharmacies that are likely to fall under this exclusion. The majority of the affected pharmacies are independent community pharmacies so industry data on pharmaceutical sales by independent pharmacies was used to develop an estimate for the sales volume generated by these pharmacies. Information from the Department of Revenue was also used to estimate the effective tax rate for independent pharmacies under the CAT.

**Minimal Impacts**

Minimal impacts on revenue are expected for changes to Oregon's Business Alternative Income Tax, and property tax exemption for new housing in rural counties.

**Creates, Extends, or Expands Tax Expenditure: Yes**  **No**

**Policy purposes****Rural Medical Provider Tax Credit**

The policy purpose of this modification to the tax credit is to increase Oregon's total compensation competitiveness for rural medical laboratory scientists and technicians in comparison to such employment opportunities in neighboring states.

**Corporate Activity Tax Eligible Pharmacy Exclusion**

The policy purpose of the eligible pharmacy exclusion is to prevent the closure of community pharmacies due to the Corporate Activity Tax.