

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
82nd Oregon Legislative Assembly
2023 Regular Session
Legislative Revenue Office

Bill Number:	SB 129 - 1
Revenue Area:	Income Taxes & Corporate Excise Tax
Economist:	Kyle Easton
Date:	2/20/2023

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

Measure Description:

Sunset Opportunity Grant contributions tax credit for tax years beginning on or after January 1, 2023.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2023-24	2024-25	2023-25	2025-27	2027-29
General Fund	\$13.1	\$0.6	\$13.7	\$0.3	\$0.0
Fund Receipts*					
Opportunity Grant Fund	-\$13.0	\$0.0	-\$13.0	\$0.0	\$0.0

*Fund receipts reflect transfers resulting from estimated proceeds of tax credit auction(s) that would otherwise occur.

Impact Explanation:

Under current law, the Opportunity Grant auctioned tax credit will sunset for tax years beginning on or after January 1, 2024. Measure as amended will sunset the tax credit one year prior to current law. Proceeds from a tax credit auction, after administrative fees, are transferred to the Opportunity Grant Fund. Taxpayers that purchase tax credits at auction subsequently claim such credits when filing their tax return. Each fiscal year, up to \$14 million in tax credits may be auctioned.

Sunsetting the tax credit one year early will result in one fewer fiscal year tax credit auction cycle being held. This is expected to result in \$14 million worth of tax credits not being sold at auction. Because a portion of tax credits sold at auction are carried forward to subsequent tax years by taxpayers, the \$14 million in unsold tax credits is displayed as positive revenue to the General Fund in the 2023-25 and 2025-27 biennia. Not selling \$14 million in auctioned tax credits eliminates the otherwise expected \$13.0 million deposit to the Opportunity Grant Fund resulting in a loss in fund receipts in the 2023-24 fiscal year.

About \$150,000 in Opportunity Grant tax credits were auctioned in February of 2023. Measure’s early sunset of the tax credit may limit a taxpayer’s ability to claim such recently purchased tax credits if the taxpayer has already filed their tax return for the previous year.

Estimates are based on an analysis of historic tax credit auction results and timing of taxpayer use of tax credits to reduce tax liability.

Creates, Extends, or Expands Tax Expenditure: Yes No

State Capitol Building
900 Court St NE
Salem, Oregon 97301-1347

Phone (503) 986-1266
Fax (503) 986-1770
<https://www.oregonlegislature.gov/lro>