REVENUE MEASURES PASSED BY THE 82nd LEGISLATURE 2023 Session

REPORT #4-23
September 2023

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2023 REVENUE MEASURES PASSED OVERVIEW

Revenue Policy Environment

Throughout a tumultuous 2020, the Oregon and national economies quickly adjusted to the changes brought about by the pandemic. Business, labor, and consumers - all corners of the economy - spent 2020 making extensive market adjustments. According to the National Bureau of Economic Research, the pandemic recession lasted just two months in early 2020. It quickly gave way to the current economic expansion that began in April of 2020. As it would turn out, revenue growth would be exceedingly strong in 2021. Personal income tax liability grew by roughly 21 percent from tax year 2020 to 2021. The next highest growth rate in recent history was roughly 15 percent growth from tax year 1987 to 1988.

Despite the strong rebound in 2021, the 2021-23 biennium was largely spent tracking how economies would ultimately emerge from the pandemic. A variety of concerns were on the minds of stakeholders and policymakers. Supply chain constraints were an ongoing concern and accelerating inflation took center stage for much of the biennium. Debates on monetary policy once again became a focus for all economy watchers. A core question was whether or not the Federal Reserve could orchestrate a so-called ‘soft landing’ as it increased interest rates in an attempt to reduce inflation without triggering a recession. From the labor perspective, incomes were rising, which helped maintain consumer demand for goods and services.

As 2022 ended, Oregon was in the position of getting ready to issue a record-setting kicker while preparing for an expected slowdown in the economy. The weight of all of the downside risks convinced many forecasters to put a recession into baseline forecasts. A key challenge with this endeavor was the historical lagged connection between a tightening of monetary policy and an ensuing economic slowdown. To this point, Oregon’s December forecast included a mild recession driven by projected declines in residential construction and, broadly, business investment. Mild declines in employment were projected by mid-2023 resulting in an uptick in the unemployment rate. The magnitude of the recession was not projected to result in a revenue decline but rather a slower rate of growth than would otherwise have been expected.

Despite the recessionary concerns, the December 2022 forecast also showed 2021-23 net General Fund revenue exceeding the Close-of-Session forecast by just under five billion dollars, $28.4 billion compared to $23.4 billion. As for the upcoming 2023-25 biennium, the projected slower growth meant General Fund resources for 2023-25 were projected to be roughly $28.8 billion - a growth rate of approximately two percent. The demand for General Fund appropriations, on the other hand, was projected to grow roughly five percent from just under $27.9 billion in 2021-23 to a tentative $29.5 billion in 2023-25. Consequently, as the 2023 legislative session was beginning, the projected General Fund budget for 2023-25 showed a shortfall of roughly $0.7 billion ($29.5 billion vs $28.8 billion).

Ultimately, however, by the time of the May 2023 forecast, an economic slowdown did not appear to be on the horizon. Income tax collections during the first half of 2023 remained strong and economists in general were becoming more of the opinion that the Federal Research might actually achieve a soft landing. The recession was removed from the baseline forecast. The projected General Fund resources for 2023-25 had grown to just over $31.2 billion. Having said that, there continue to be risks, including the performance of the U.S. economy, federal policy, local housing affordability, geopolitics, wealth inequality, as well as climate, wildfires, and natural disasters. Inflation has been declining but longer-term concerns remain, including future actions by the Federal Reserve and their desire to reach a target inflation rate of two percent.

Projected General Fund Revenue for the 2023-25 Biennium

The 2023-25 Legislatively Adopted Budget (LAB) is based on the May economic and revenue forecast adjusted for actions taken by the Legislature during the 2023 session. The available GF resources for the 2023-25 biennium is just over $32.3 billion, as reflected in the table below.

2023-25 Legislatively Adopted Budget General Fund, $M	
Beginning Balance	$7,493.5
Allocation to Rainy Day Fund	-$308.4
Projected General Fund Revenue	$25,308.6
Shared Revenues	-$37.0
Corporate Income Tax to Rainy Day Fund	-$91.6
Subtotal	$32,365.1
Legislative Actions	
Child Tax Credit (HB 3235)	-$71.5
R&D Tax Credit (HB 2009)	-$24.8
Opportunity Grant Tax Credit Sunset (SB 129)	$13.7
Estate Tax Deduction (SB 498)	-$8.0
Tax Expenditure Omnibus (HB 2071, HB 3406)	-$0.7
Wildfire-related Deduction (HB 2812)	-$0.6
Traffic Fines (HB 2095)	$5.2
Alcohol Delivery (HB 3308)	$3.9
Other Adjustments	$34.8
Subtotal	-$48.0
Total Resources	**$32,317.1**

Projected General Fund resources (i.e., the beginning balance plus projected revenue) are estimated at $32,317 million for the 2023-25 biennium. This compares with roughly $27,131 million of appropriates for the 2021-23 biennium. Total resources for the 2021-23 biennium were roughly $34,512 million, which includes the kicker.

While the current economic expansion that began in April 2020 is projected to continue throughout the upcoming biennium, there remain a variety of risks that could result in a reduction of revenue. Consequently, the state's reserve fund positions continue to be a critical element of the state's financial profile. The combined balances in Oregon's two reserve funds (the Education Stability Fund and the Oregon Rainy Day Fund) is roughly $2.1 billion following the 2021-23 biennium. These balances are projected to grow to roughly $2.9 billion by the end of the 2023-25 biennium. This level should be sufficient to cover revenue declines in a mild to moderate recession.

For a detailed discussion of the 2023-25 Legislatively Adopted Budget see “2023-25 Budget Highlights” released by the Legislative Fiscal Office.

Major 2023 Revenue Legislation

This section summarizes major revenue bills. One of the primary themes from the session was to build on the federal CHIPs and Science Act. Legislative action took the form of two bills - SB 4 and HB 2009. The former provided for direct funding of semiconductor projects while the latter created a targeted research & development tax credit. Other major revenue work included the review of tax credits, including the creation of a new, child tax credit. The Revenue committees also focused on property tax laws, renewing several property tax exemptions in an omnibus fashion that mirrors the tax credit work, as well as refining and update local economic development policies related to exemptions, namely the state’s enterprise zone programs and Strategic Investment Program.

Income Tax Credits
HB 2071, HB 3235, HB 3406, and SB 129

These bills together comprise the Legislature’s work on income tax credits during the 2023 session. HB 2071 was this session’s income tax omnibus bill. It includes extensions for three of the four tax credits that were part of the regular review. The extending credits were for fish screening devices, the affordable housing investments, and for agriculture worker housing. The bill also realigned the full body of tax credits scheduled for review during the rolling six-year cycle with the intent of roughly equalizing the collective cost of tax credits review each session. The bill also created a new tax credit for publicly supported housing and expanded an income tax deduction for military service. HB 3235 created new child tax credit for low-income households. This policy is based on the federal child tax credit. HB 3406 modified that short-line railroad tax credit while SB 129 ended the tax credit for contributions to the Opportunity Grant Fund, thereby raising close to $14 million for the 2023-25 biennium. The policy intent was to eliminate the tax credit and increase the amount directly appropriated to the fund by the equal amounts.

Economic Development
HB 2009

This is the session’s primary tax policy bill regarding economic development, which can be viewed as consisting of two parts. The first part of the bill can be viewed as a companion to SB 4, the bill that allocates roughly $200 million for direct investments in semiconductor-related firms. It establishes a new income tax credit for specifically defined research & development investments made by companies working in a semiconductor-related field. The tax credit is 15 percent of R&D expenses in Oregon, up to $4 million. Depending on the number of Oregon employees, up to 75 percent of the credit is refundable; the greater the number of Oregon employees, the less of the tax credit is refundable. The second part of the bill modifies Oregon’s Enterprise Zone (EZ) programs and the Strategic Investment Program (SIP). For the EZ programs, changes include the exclusion of fulfillment centers, the addition of program transparency requirements, and creation of a school support fee that applies to latter years of participation. For the SIP, changes include an increase in the eligibility and taxation thresholds for rural projects. The program fee was increased and indexed to inflation and Gain Share payments were extended five years. Also, the LRO is required to conduct a program review in 2034.

Property Tax Exemptions
HB 2080

This bill is the Legislature's property tax omnibus bill for the 2023 session. This work done by the Joint Committee on Tax Expenditures effectively mirrors their work done on tax credits since 2011. Five property tax exemptions were extended, three exemption programs were expanded, and one (food processing machinery and equipment) was extended and expanded. Policy extensions include exemptions for certain industrial improvements, federal land used by a recreation facility, and certain property of centrally assessed companies. Exemptions for community solar projects and low-income housing were expanded. Also, two other programs, for multi-unit rental housing and disabled veterans - were modified.

Estate Tax
HB 2433

The 2023 Legislature had several discussions about potential modification to Oregon's Estate Tax, largely within the Senate Finance & Revenue committee. Some of the discussion began with consideration of increasing the current tax threshold of one million dollars. The policy debate began with issues of equity and fairness but also encompassed how Oregon policy works within the federal policy, how it compares to the policies of other states, as well as the inevitable budgetary impacts. Perhaps unique to Oregon's tax, stakeholders devoted time to improving the Natural Resource Credit (NRC). Ultimately, the Assembly opted to create an additional deduction related to natural resource property while maintaining the current structure of the Natural Resource Credit.

PERSONAL INCOME TAX

HB 2009 (CH 298)

Creates corporate and personal income tax credit available to a qualified semiconductor company that exceeds specified minimum spending parameters for qualified research expenses made in Oregon. Defines terms. Determines tax credit in accordance with federal research expenses tax credit contained in Section 41 of the Internal Revenue Code, except where specified otherwise. Requires research to be conducted in Oregon by a qualified semiconductor company in support of a trade or business directly related to semiconductors. Specifies credit is equal to 15 percent of entity's qualified and basic research expenses that exceed a historical amount determined by specified formula. Limits annual credit to no more than four million dollars for any taxpayer. Specifies credit is 75 percent refundable for taxpayers with fewer than 150 employees in Oregon; 50 percent refundable for taxpayers with at least 150 employees in Oregon but fewer than 500; and 25 percent refundable for taxpayers with at least 500 employees in Oregon but fewer than 3,000. Allows unused credits to be carried forward for five succeeding tax years. Requires taxpayers to be annually certified by Oregon Business Development Department (OBDD) prior to claiming the credit. To be eligible for tax credit for tax year 2024, requires taxpayer to register with OBDD before December 1, 2023. Limits biennial credit certification to $35 million in 2023-25, $80 million in 2025-27, $90 million in 2027-29, and $50 million for fiscal year 2029-30. Applies to tax years 2024 through 2029.

Revenue Impact ($Millions):

	Fiscal Year			Biennium		
	2023-24	2024-25		2023-25	2025-27	2027-29
General Fund (R&D tax credit)	$0	-$24.8		-$24.8	-$55.5	-$63.6

The newly established tax credit for qualified research expenses provides a potential tax benefit to taxpayers with qualified research expenses made during the tax year that exceed a historical amount of such expenses (calculation of historical amount is contained in federal statute). The credit is available to qualified semiconductor C-corporations and pass through entities. Credit amount is based on the amount of 'excess' qualified research expenses in Oregon. Such expenses can consist of qualified research done by the taxpayer and/or basic research payments made by the taxpayer to a qualified organization(s) for research expenses done in Oregon and on behalf of the qualifying taxpayer and for qualifying purposes.

The revenue impact estimate of the proposed research and development tax credit was informed by an analysis of Oregon's previous research and development tax credit, recent semiconductor related Oregon employment data, and private sector research and development expenses made in Oregon as reported by the National Science Foundation. About thirty entities are expected to qualify for the proposed Oregon research and development tax credit. As the credit amount is determined based on the amount of excess research expenses in Oregon, taxpayers with the greatest expenses will generally qualify for larger credit amounts, though the annual credit cap of $4 million places a credit limit per taxpayer. Refundability of credit is also expected to provide a relatively consistent revenue loss amount as all qualifying taxpayers with fewer than 3,000 Oregon employees will benefit from the refundable portion of the credit regardless of tax liability of the taxpayer. The use of the non-refundable credit (or portion thereof) to reduce tax liability will vary depending on underlying tax liability of such qualifying taxpayers. Unused credit amounts can be carried forward for up to five succeeding tax years and can be used to reduce future tax liability in such years. Estimated revenue loss is expected to increase in future biennia reflective of underlying growth in research expenses in Oregon by entities below the $4 million cap.

The policy purpose of the research & development tax credit is to increase Oregon's employment base across firms that support the semiconductor sector.

HB 2032 (CH 20)

Expands eligibility for domestic partnership under Oregon Family Fairness Act to partners of any sex.

Revenue Impact: Minimal

The measure could have a slightly positive or slightly negative revenue impact depending on the circumstances of the affected taxpayers. The measure expands eligibility for domestic partnership to partners of any sex which would allow such partners to file a joint personal income tax return in Oregon. Depending on the financial circumstances of the two individuals, filing a joint income tax return could result an increase, a decrease, or no change in the taxpayer's Oregon personal income tax liability.

HB 2071 (CH 490)

This measure extends, modifies, and creates tax expenditures. See below for description of individual policies.

Revenue Impact ($Millions):

	Biennium		
Policy	**2023-25**	**2025-27**	**2027-29**
Fish Screening Devices Credit	< 50K	< 50K	< 50K
Affordable Housing Lender Credit	< 50K	-$1.0	-$4.4
Agriculture Workforce Housing Credit	$0.0	-$0.8	-$4.2
Active Service/Duty Pay of National Guard Subt.	-$0.3	-$0.3	-$0.3
Reorganization of Sunset Dates of Credits	-$0.0	-$30.3	-$60.3
Retention of Publicly Supported Housing Credit	See Impact Analysis		
Total General Fund	**-$0.3**	**-$32.4**	**-$69.2**

Sunset extensions of existing tax credits

Fish screening devices credit

Extends sunset of tax credit available to taxpayers for installing a fish screening device, bypass device, or fishway from January 1, 2024, to January 1, 2030. The tax credit is 50 percent of the certified cost of installing the device, up to $5,000 per device. In the previous five years, the number of taxpayers claiming the credit has averaged fewer than ten per year and the amount of the credit used to reduce tax liability has averaged less than $50,000 per year.

Agriculture workforce housing credit

Extends sunset of agriculture workforce housing construction tax credit from January 1, 2026, to January 1, 2032. The credit sunset is applicable to housing projects completed in tax years beginning on or after January 1, 2026, whereas previously completed and qualified projects may continue to claim the credit. The credit is fifty percent of the eligible costs of a qualified housing project. The credit can be taken over ten years, with a maximum allowable credit claimed in any one tax year limited to 20% of the total credit amount. Because the current law sunset date occurs during the 2025-27 biennium and the credit is claimed over multiple years, the revenue loss estimate reflects increased loss in future biennia. Estimate is based on a historical analysis of credit use and the potential construction, rehabilitation, or acquisition of agriculture workforce housing in Oregon.

Reorganization of sunset dates of existing tax credits

The sunsets for the Cultural Trust contribution, political contribution, and volunteer rural emergency medical services providers tax credits are moved from January 1, 2026, to January 1, 2028. The sunsets for the employer-provided scholarship, contribution to 529 education or ABLE (Achieving a Better Life) accounts, and short-line railroad tax credits are moved from January 1, 2026, to January 1, 2030. The sunsets for the reservation enterprise zone, Public University Development Fund contribution, and Individual Development Account contribution tax credits are moved from January 1, 2028, to January 1, 2030. The estimated revenue impact is based on the historical use of these tax credits and current projections for the use in the coming years. Roughly two-thirds of the impact is attributable to the tax credit for contributions to 529 education savings account.

Sunset extensions and/or expansion of existing tax expenditures

Affordable housing lender tax credit

Corporations that make qualified loans at below market interest rates for eligible housing projects are allowed a tax credit equal to the difference between the finance charge on the loan and the finance charge that would have been imposed if the loan were issued at market interest rates, up to a difference of four percentage points. Measure extends sunset of tax credit for affordable housing lenders from January 1, 2026, to January 1, 2032, and expands purposes for which qualified borrower may use loan proceeds to include limited equity cooperatives, with certain conditions. Expansion applies to tax years beginning on or after January 1, 2024.

As the existing sunset date of the credit occurs within the 2025-27 biennium, no impact exists for the 2023-25 biennium from extending the sunset of the underlying credit and impact from expanding credit qualification to limited equity cooperative housing is initially expected to be less than $50,000. Estimated loss in revenue increases in the 2027-29 biennium reflective of more loans being initially qualified following the January 1, 2026, sunset date extension and the credit expansion. Revenue impact estimate assumes a small number of limited equity cooperative housing projects qualify each year for the credit. The long time horizon of the credit (20-30 years) causes the revenue impact to be initially smaller than later years, reflective of additional properties qualifying in later years.

Active service/duty pay of Oregon National Guard subtraction

Expands Oregon income tax subtraction for military pay by allowing subtraction for military pay received by an Oregon National Guard member while in active service of the state or on state active duty. Applies to tax years beginning on or after January 1, 2021. In addition to specific military pay being subtracted, Oregon's existing law military pay subtraction allows up to $6,000 in military pay to be subtracted from income. From a revenue impact perspective, this existing law subtraction is expected to lessen the incremental loss in revenue from the National Guard subtraction as such income may already be subtracted. Revenue impact estimate was made through an analysis of aggregate National Guard payroll data and tax return and wage data. National Guard Active Service and Active Duty pay can vary considerably from year to year depending on member activations.

New tax credit

Retention of publicly supported housing

Creates personal and corporate income tax credit available to taxpayers selling publicly supported housing to purchaser that enters into recorded affordability restriction agreement for a period of at least 30 years. Specifies credit amount equal to 2.5 percent of the lesser of sale price or property appraisal if taxpayer owned property for at least five years. Specifies credit equal to 5 percent if taxpayer owned property for at least ten years. Allows unused credit amounts to be carried forward for three succeeding tax years. Requires taxpayer to first receive credit certification from Oregon Housing and Community Services Department (OHCS). Limits certification of credits to no more than three million per calendar year. Applies to tax years beginning on or after January 1, 2024, and before January 1, 2030.

Tracking by OHCS identifies about a dozen properties that are for profit owned and have their affordability restrictions expiring in the coming three years. These for profit owned properties represent the likely pool of properties that the credit is designed to incentivize sales of, to buyers that will continue operating under an affordability restriction. Recent data is limited and therefore does not allow for a baseline of potential credit use to be developed. Potential value of the credit depends on length of ownership and appraised value or sale price of the property. Analysis of near term potentially qualifying properties suggests value of credit may range from $100,000 to nearly $1 million for individual properties.

Policy Purposes

Fish screening devices: The policy purpose of this credit is to support fish protection, production, and population connectivity of native migratory fish thereby supporting the restoration of Oregon's native salmonid populations.

Agriculture workforce housing: The policy purpose of this credit is to provide support for the construction or rehabilitation of agriculture workforce housing, thereby supporting the goal of ensuring adequate agricultural labor housing through a collaboration of the public, private, and nonprofit sectors.

Affordable housing lender: The policy purpose of the credit expansion is to support the development of affordable housing using the limited equity cooperative model thereby creating an accessible pathway to home ownership for households of more modest income. The policy purpose of this credit is to support the development of housing affordable to households with incomes up to 80 percent of area median income, the preservation of housing with federal rent subsidy contracts, and the preservation of manufactured dwelling parks.

Active Service/Duty pay of National Guard: The policy purpose of this subtraction expansion is to support the recruitment and retention of National Guard members and to provide tax relief in recognition of the service of such individuals.

Retention of publicly supported housing: The policy purpose of this credit is to incentivize owners of affordable housing, in which affordability restrictions are nearing expiration, to sell such housing to a buyer willing to preserve affordable housing for an additional thirty years.

Reorganization of sunset dates of existing tax credits: The policy purpose of this measure is to distribute the revenue impacts of existing tax credits more evenly across the six-year review cycle.

HB 2083 (CH 399)

Extends applicability of pass-through business elective income tax (PTE-E) and related personal income tax credit from tax years beginning on or before January 1, 2024, to tax years beginning on or before January 1, 2026.

Revenue Impact:

The underlying tax and credit program is designed to be net revenue neutral for Oregon with a federal tax benefit for participating taxpayers. The Oregon income tax credit is designed to offset the tax paid by the pass-through business entity. Participation in the program is voluntary and driven by the extent to which personal business owners have state tax liabilities large enough to exceed the $10,000 limit on the federal deduction for state and local taxes (SALT). To date, about 20K entities have registered for the PTE-E tax and about $300 million in credits have been claimed.

Extending the program for two years will align Oregon's tax and credit program applicability with existing federal law limiting the personal income SALT deduction which is scheduled to expire following the 2025 tax year. The PTE-E tax and credit program is designed to be revenue neutral for Oregon though there could be a temporal shift of funds across fiscal years or biennia due to changes in timing of entity tax payments and tax credits being claimed.

HB 2093 (CH 31)

Aligns applicability period for statutory provisions of tax credit for certified film production development contributions with the sunset date of the tax credit.

Revenue Impact:

While the sunset for the film production development tax credit is January 1, 2030, two component pieces (auction timing, auction reserve price) of the tax credit are scheduled to sunset as of January 1, 2024.

The first piece relates to the timing of the tax credit auction where credit auctions are allowed to occur no later than April 15 and taxpayers are allowed to use the tax credit in the immediate prior tax year if the taxpayer has not already filed their tax return for that year. The three most recent tax credit auctions for the film tax credit have each successfully sold all available tax credits at their fall auction. Extending the sunset continues the option for holding a tax credit auction up to April 15 and for taxpayers to possibly claim such tax credits on their prior year tax return.

The second tax credit auction component piece being extended relates to the auction reserve price for the tax credits. The reserve price is the minimum amount a credit may be purchased for at auction and is 90 percent of the face value of the tax credit. Absent sunset extension, the reserve price will increase to 95 percent for tax years beginning on or after January 1, 2024. In the most recent tax credit auction held in the fall of 2022, about 65% of credits were purchased at a price less than 95 percent. In the 2019 through 2021 auctions, more than 90% of credits sold were sold at a price below 95 percent. Based on the results of these most recent auctions, not maintaining the reserve price at 90 percent may reduce the total amount of tax credits sold thereby reducing transfers to the Oregon Production Investment Fund and increasing General Fund revenue.

The policy purpose of this measure is to align statutory provisions of the film production development contributions tax credit with the underlying sunset of the tax credit.

HB 2161 (CH 83)

Increases value of small forestland owner forest conservation tax credit by increasing certified stumpage value by 25 percent, if Small Forestland Owner (SFO) has federal adjusted gross income of not more than 125 percent of the Oregon median household income averaged over three previous tax years, and if the SFO is significantly disproportionately impacted by rules adopted by the State Forester under ORS 527.610 to 527.770.

Revenue Impact: Minimal

The Small Forestland Owner (SFO) forest conservation tax credit was created in 2022 to provide a financial benefit to SFOs who adopt the Standard Practice timber harvest restrictions as adopted by the 2022 Private Forest Accord. The tax credit amount is equal to the sum of the certified stumpage value of the specified standing timber not harvested in the conservation area, the cost of establishing the stumpage value, and if applicable, one-half of the certified stumpage value of retained timber in a dry channel area adjacent to the forest conservation area. The credit requires a small forestland owner to abide by the Standard Practice harvest restrictions, which remain in effect for the non-harvested area for 50 years.

Measure's modification to the SFO forest conservation tax credit has the potential to increase the value of the existing tax credit by 25 percent for qualifying taxpayers. To qualify for the increased 25 percent in value of the tax credit, a taxpayer must be significantly disproportionately impacted by rules adopted by the State Forester relating to the Oregon Forest Practices Act. Proposed rules by the Oregon Department of Forestry define "significantly disproportionately impacted" as a SFO parcel that: a) If it contains a dwelling, is 10 acres or more in size; (b) Has a total encumbrance from all small forestland minimum option riparian management areas, as described in rule, greater than 20% of the forested acreage of the parcel; and (c) Generates timber revenue that is relied upon to sustain management activities on forest properties, cover annual costs of ownership, provide regular contributions to income, or more than 5% of the revenue is contributed to a planned estate investment as demonstrated by a Forest Management Plan. A minimal impact on revenue is expected as the statutory and rule requirements are expected to limit the number of SFO's that may qualify for the increased credit value.

The policy purpose of this measure is to increase the value of the credit for Small Forestland Owners (SFOs) that are disproportionately impacted by the timber harvest changes made in the Private Forest Accord (PFA), in recognition of potential outsized impacts placed on such SFOs resulting from the PFA.

HB 2576 (CH 313)

Subject to Supreme Court appeal, confers exclusive jurisdiction on the Oregon Tax Court for judicial review of questions concerning income taxes imposed by local governments. Requires person to first exhaust all administrative remedies provided before the local government prior to appealing to Oregon Tax Court. Makes conforming amendments. Applies to petitions filed on or after effective date of act.

Revenue Impact: None

HB 2812 (CH 324)

Creates Oregon personal income tax subtraction for amount of personal casualty loss that would otherwise be deductible but for federal law requiring such casualty loss to occur in a federally declared disaster area. Requires casualty loss to be incurred in Oregon as a result of an event subject to a state of emergency declared by the Governor or occur in an area subject to Governor's executive order invocating the Emergency Conflagration Act. Disallows subtraction for amounts deducted on taxpayer's federal income tax return. Applies to tax years beginning on or after January 1, 2020, and before January 1, 2026.

Revenue Impact ($Millions):

	Fiscal Year			Biennium		
	2023-24	2024-25		2023-25	2025-27	2027-29
General Fund	-$0.4	-$0.2		-$0.6	-$0.2	N/A

Personal income taxpayers are allowed to claim an itemized deduction for personal casualty and theft losses. This itemized deduction exists in federal tax law and is available to taxpayers on their

Oregon income tax return due to Oregon's income tax connection to federal tax law. The deduction is for amounts of casualty and theft losses that exceed 10% of a taxpayer's adjusted gross income. In 2017, federal tax law modified, for tax years 2018 through 2025, the casualty and theft loss deduction to allow a deduction only for losses attributable to a federally declared disaster. Deductible losses are for amounts of such loss that are unreimbursed and exceed the taxpayer's adjusted basis in the property.

For tax years 2020 through 2025, measure allows personal income taxpayers to claim as an Oregon subtraction, a personal casualty loss incurred in Oregon that would otherwise be deductible but for the recent temporary federal limitation. Additionally, the Oregon subtraction may only consist of casualty losses resulting from an event subject to a state of emergency declared by the Governor or occurring in an area subject to the Governor's order invocating the Emergency Conflagration Act.

Measure's applicability to tax years 2020 through 2025 will allow Oregon taxpayers with sufficient qualified casualty losses to claim the Oregon subtraction. Taxpayers with such casualty losses from a prior tax year(s) may amend previous year tax returns to claim the subtraction.

The policy purpose of this measure is to provide support to Oregonians with property destroyed in areas subject to Oregon declared emergencies thereby eliminating the tax deduction disparity between federal and state declared disasters.

HB 3235 (CH 538)

Creates refundable personal income tax credit equal to $1,000 per qualifying child dependent under the age of six at the close of the tax year. Phases out tax credit for all filer types with qualifying income between $25,000 to $30,000. Indexes to inflation, credit amount and phase out thresholds. Applies to tax years beginning on or after January 1, 2023, and before January 1, 2029. If federal waiver is received or certain other specified conditions are met, requires Department of Revenue to establish by rule, program for making quarterly payments of tax credit to taxpayers.

Revenue Impact ($Millions):

	Fiscal Year			Biennium		
	2023-24	2024-25		2023-25	2025-27	2027-29
General Fund	-$35.2	-$36.3		-$71.5	-$74.1	-$77.5

A tax credit reduces a taxpayer's tax liability on a dollar-for-dollar basis. Refundable tax credits first reduce a taxpayer's tax liability, with remaining credit amount issued to the taxpayer as a tax refund. Refundable tax credits ensure that a taxpayer receives the full amount of the tax credit. Measure creates a refundable Oregon child tax credit equal to $1,000 per qualifying child dependent and available to taxpayers with qualifying income below $30,000. For taxpayers with qualifying income between $25,000 to $30,000 the credit amount is phased out proportionately. For example, the credit amount for a taxpayer with one qualifying child and income of $27,500 would equal $500 as credit has been partially phased out reflective of taxpayer's income being at the midpoint of the phase out range. Beginning in 2024, the phase out threshold and the value of the credit will be subject to potential inflation adjustment. Absent inflation adjustment, on average, fewer taxpayers would be expected to qualify for the credit each year reflective of generally increasing incomes. About 40,000 dependent children are expected to qualify for the credit each year.

The policy purpose of this measure is to decrease childhood poverty in Oregon, understanding that early childhood investments can be particularly effective in increasing the lifetime well-being of an individual.

HB 3406 (CH 545)

Expands existing tax credit available to personal and corporate income taxpayers based upon short line railroad rehabilitation project costs actually paid or incurred by the taxpayer in the year in which the tax credit is claimed. Removes the credit distinction between tier 1 and tier 2 short line railroads, causing an increase in the potential annual amount of credit a railroad of 200+ Oregon miles may qualify for, from $1,000 multiplied by the number of Oregon track miles to $3,500 multiplied by the number of Oregon track miles. Disallows from use in determining Oregon short line rehabilitation tax credit, rehabilitation costs that are used, or could be used to claim federal short line railroad rehabilitation tax credit. If the biennial tax credit certification cap of $4 million is reached, tax credits are first reduced to no more than $400,000 annually for a single railroad. If further reduction is required, tax credits are then allocated proportionally based on the amount each taxpayer would have otherwise received. Applies to tax years beginning on or after January 1, 2024, and before January 1, 2026.

Revenue Impact ($Millions):

	Fiscal Year			Biennium		
	2023-24	2024-25		2023-25	2025-27	2027-29
General Fund	$0	-$0.4		-$0.4	-$1.7	Minimal

Credit modifications by measure are effective for tax years 2024 and 2025. Credit modifications are estimated to increase the use of the credit in the respective tax years causing a reduction in General Fund revenue in the 2023-25 and 2025-27 biennia. Eliminating the tier 1 and tier 2 distinction is expected to increase the value of the tax credit for three short line railroads currently classified as tier 1. The increased value of the credit will likely cause the biennial limit to be reached in 2023-25, which will cause individual short line railroads to be limited to $400K in credit certification in 2024. Proportional reduction for all other short line railroads in 2024 is not expected. The biennial credit certification limit is not expected to be reached in 2025-27 as the changes are applicable through tax year 2025.

The policy purpose of this measure is to encourage improvement and development of short line railroads by equalizing the value of the tax credit for all short line railroads.

SB 1 (CH 563)

Requires the Department of Revenue to enable personal income taxpayers to voluntarily report their self-identified race and ethnicity using the standards adopted by the Oregon Health Authority pursuant to ORS 413.161. Requires race and ethnicity data to be first collected beginning with tax year 2024. Requires data collected to be used for analysis of revenue policy, development of racial impact statements, analysis of proposed administrative rules and budget requests, and in response to requests from the Legislative Assembly. Requires data to be aggregated and anonymized if included in a report or other output. Limits data access to the Department of

Revenue's Research Section and processing staff, the Legislative Revenue Office, and the Oregon Office of Economic Analysis. Requires Department of Revenue to maintain records sufficient to verify department personnel having access to race and ethnicity data. Limits the use of the data by tax professionals to the preparation and filing of tax returns. Requires the Department of Revenue to annually report on the development and implementation of the data collection and sharing to the Legislature beginning in 2024.

Revenue Impact: None

SB 129 (CH 569)

Sunsets Opportunity Grant contributions tax credit for tax years beginning on or after January 1, 2023. Allows taxpayer to claim credit for tax year 2023 if taxpayer purchased credit at auction conducted on or after January 1, 2023, and before March 1, 2023.

Revenue Impact ($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
Opportunity Grant Fund*	-$13.0	$0.0		-$13.0	$0.0	$0.0

*Transfers resulting from estimated proceeds of tax credit auction(s) that would otherwise occur.

Under current law, the Opportunity Grant auctioned tax credit would 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 cycles 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.

Note: Revenue impact reflects changes to General Fund and Opportunity Grant fund resulting from measure. House bill 5025 is the appropriations measure for the Higher Education Coordinating Commission and includes appropriations for the Oregon Opportunity Grant.

SB 141 (CH 171)

Updates connection date to federal Internal Revenue Code and other provisions of federal law. Updates provisions by one year to December 31, 2022 or January 1, 2023.

Revenue Impact: Minimal

SB 205 (CH 270)

Allows Department of Revenue to disclose and give access to the Employment Department, for purpose of detecting whether identity theft or fraud has been committed, specified taxpayer information that is otherwise confidential. Allows Director of Employment Department to disclose to Department of Revenue, information reported to Employment Department by employers and employees under unemployment insurance, and paid family and medical leave programs, for purpose of detecting potential identity theft or fraudulent claims.

Revenue Impact: None

PROPERTY TAX

HB 2009 (CH 298)

This measure is an omnibus bill that affects corporate income tax and property tax. Consequently, the relevant bill analysis is reported in both sections. Follow the links in the table on page ? to access the different tax programs.

This measure creates, extends, and modifies certain corporate income tax and property tax expenditures.

Revenue Impact ($Millions):

	Biennium		
Local Governments	**2023-25**	**2025-27**	**2027-29**
SIP taxable portion	$0.0	$1.3	$2.6
SIP community services support fee	$0.0	$1.0	$2.0
SEZ extension	$0.0	-$37.7	-$71.1
LTREZ extension	$0.0	-$59.7	-$128.6

Strategic Investment Program

The estimated revenue impact assumes that there will be two new rural projects at the beginning of each biennium, with one being a small project with a minimum cost of $500M or less and one being a medium project with a minimum cost of $500M to $1B. This assumption is based on analysis of the Department of Revenue's Tax Expenditure Report (TER) back to the 1997-99 biennium, which shows that there are one or two new SIP projects per biennium, depending on the time frame of analysis. Imbedded in this assumption is that the new projects will not be a fulfillment center and will satisfy the minimum project cost requirements of $40M in a rural area and $150M in an urban area. There is only one SIP project in an urban area currently.

Due to this measure, small projects in rural areas will have their taxable portion increase by $15M (from $25M to $40M) and medium projects in rural areas will have their taxable portion increase by $25M (from $50M to $75M). The taxable portion increases three percent per year under current statute. The long-term average non-bond tax rate for SIP projects is approximately $15 per $1,000 of assessed value. The revenue impact for local governments is the increase in the taxable portion for new projects, multiplied by the non-bond tax rate. The changes to the SIP taxable portion apply to new projects on or after the effective date.

The SIP maximum community services support fee will increase from $2.5M to $3M and will be indexed for inflationary increases annually, if any. The total cost of the small project is assumed to be $150M and the total cost of the medium project is assumed to be $700M, based on actual project costs for the two projects that are furthest in the approval process currently. The estimated revenue impact is the assessed value of the project, multiplied by the long-term average non-bond tax rate for SIP projects, for amounts that are higher than $2.5M and up to $3M (indexed for inflationary increases, if any). The small project has no impact because it does not result in a fee that is higher than the original maximum of $2.5M.

Enterprise Zone Programs
The extension of standard enterprise zones (SEZ) and long-term rural enterprise zones (LTREZ), from June 30, 2025, to June 30, 2032, is expected to have a revenue impact for local governments. The estimated impact is based on recent trends for the number of exempt business firms, the reduction in assessed value per exempt firm, the average non-bond tax rate (approximately $13 per $1,000 of assessed value for SEZ and $14.50 per $1,000 of assessed value for LTREZ), and the grandfather clause for these programs. There is no revenue impact in the 2023-25 biennium because the programs are effective in that biennium under current law. Although reservation enterprise zones and reservation partnership zones do not have a sunset date, there are no zones that currently have this designation, and therefore all zones sunset at the same time.

The school support fee is 15-30 percent of the property taxes that would have been due without the exemption, only for new agreements after the effective date. The fee applies after the third year of exemption for SEZ and after the fifth year of exemption for LTREZ. The revenue impact for local governments depends on the applicable percent of property taxes that would have been due without the exemption, 15-30 percent, that is negotiated in the agreement between the zone sponsor(s) and the school district. The SEZ impact starts in the 2027-29 biennium due to its applicability to new agreements after the effective date and applicability after the third year of exemption for a business firm. The LTREZ impact starts in the 2029-31 biennium due to its applicability to new agreements after the effective date and applicability after the fifth year of exemption for a business firm. Although not shown in the table above, the potential impact of the fee in the 2029-31 biennium, based on the SEZ and LTREZ estimates in this analysis, is $45-$90M ($2.5M-$5M for SEZ and $42.5M-$85M for LTREZ). The fee will count towards local revenue for purpose of State School Fund distributions per ORS 327.011(1)(g).

Policy Purposes
Strategic Investment Program: The policy purpose of this exemption is “to improve employment in areas where eligible projects are to be located” and to “hire employees from the region in which the eligible project is to be located whenever practicable” (ORS 285C.603).

Enterprise Zone Programs: The policy purpose of this exemption is to “stimulate and protect economic success […] throughout all regions of the state, but especially in those communities at the center of or outside major metropolitan areas for which geography may act as an economic hindrance […] by providing tax incentives for employment, business, industry and commerce” (ORS 285C.055).

HB 2080 (CH 398

Omnibus bill that extends, expands, and modifies certain property tax expenditures.

Revenue Impact ($Millions):

	Biennium		
Policy	**2023-25**	**2025-27**	**2027-29**
Extensions			
Industrial improvements in rural areas exemption or deferral	-$0.1	-$0.1	-$0.1
Federal land used by recreation facility operators under permit exemption	Minimal (negative)		
Food processing machinery and equipment exemption	$0.0	-$4.1	-$8.2
Certain centrally assessed companies exemption	$0.0	-$4.2	-$2.9
Single-unit housing exemption	-$0.9	-$0.7	-$0.7
Surviving spouses of certain public safety officers exemption	$0.0	-$0.1	-$0.1
Expansions			
Community solar projects exemption for non-residential projects	-$0.7	-$3.9	-$10.3
Food processing machinery and equipment exemption for meat or wild game	-$4.7	-$11.5	-$14.6
Multi-unit housing exemption for the entire multi-unit housing	-$6.3	-$8.0	-$8.7
Low-income rental housing exemption for limited equity cooperatives	$0.0	$0.0	$0.0
Modifications			
Affordable multi-unit rental housing alternate exemption schedule	Minimal (negative)		
Surviving spouse of veteran to continue exemption without reapplying	$0.0	$0.0	$0.0
Total Local Governments	**-$12.7**	**-$32.6**	**-$45.6**

Extensions

Industrial improvements in rural areas exemption or deferral

Extends the property tax exemption or deferral for certain newly constructed or installed industrial property in rural areas by moving the sunset date six years, from January 2, 2024, to January 2, 2030.

Without any other changes to the exemption, the estimated revenue impact for local governments is approximately $100,000 per biennium, a continuation of the current impact. The impact of the extension is expected to be $75,000 in the 2023-25 biennium (rounded up to $100,000) because the exemption currently extends through January 1, 2024.

Federal land used by recreation facility operators under permit exemption

Extends the property tax exemption for federal land used by recreation facility operator under permit by moving the sunset date six years, from July 1, 2024, to July 1, 2030.

Although there are several recreation facilities operating on federal land with a special use permit, this land value is not assessed because federal land is exempt from property taxation. It is difficult to estimate the revenue impact for local governments due to this exemption because there is not a history of assessed value for this federal land. Furthermore, the value of this land may be relatively low given its remote nature, and development of this land may be relatively limited in the absence of the property tax exemption for the value of the land.

Food processing machinery and equipment exemption
Extends property tax exemption for food processing machinery and equipment by moving the sunset date five years, from July 1, 2025, to July 1, 2030. The estimated revenue impact for local governments is based on recent trends for the number of currently exempt properties, the reduction in taxable assessed value per exemption, and the average non-bond tax rate. There is no revenue impact in the 2023-25 biennium because the exemption currently extends through the 2023-25 biennium.

Certain centrally assessed companies exemption
Extends property tax exemption for certain centrally assessed companies by moving the sunset date five years, from July 1, 2025, to July 1, 2030. The estimated revenue impact for local governments is based on recent trends for the number of currently exempt properties, the reduction in taxable assessed value per exemption, and the average non-bond tax rate. There is no revenue impact in the 2023-25 biennium because the exemption currently extends through the 2023-25 biennium. The estimated revenue impact is substantially lower than the loss reported in the TER because a revision was made to this tax expenditure following publication of the 2023-25 TER.

Single-unit housing exemption
Extends property tax exemption for qualified single-unit housing by moving the sunset date five years, from January 1, 2025, to January 1, 2030. The estimated revenue impact for local governments is based on recent trends for the reduction in taxable assessed value and the average non-bond tax rate. The extension only impacts 25 percent of the 2023-25 biennium because the exemption currently extends through January 1, 2025, covering 75 percent of the biennium. The estimated revenue impact also accounts for the grandfather clause for this ten-year exemption, which allows some to continue receiving the exemption after the 2027-29 biennium without an extension. There is a downward trend for the estimated revenue impact due to the grandfather clause and because the reduction in taxable assessed value is expected to continue the downward trend it has had since the 2011-13 biennium.

Surviving spouses of certain public safety officers exemption
Extends tax exemption for property of surviving spouses of certain public safety officers killed in line of duty by moving sunset date seven years, from July 1, 2025, to July 1, 2032. The estimated revenue impact for local governments is based on the recent trend for the number of currently exempt properties, the assessed value exemption of up to $250,000 per exempt property, and the average non-bond tax rate. There is no revenue impact in the 2023-25 biennium because the exemption currently extends through the 2023-25 biennium.

Expansions
Community solar projects exemption for non-residential projects
Expands property tax exemption for community solar projects to include non-residential proportion, beginning July 1, 2024. The estimated revenue impact for local governments is based on the assessed values and non-bond tax rates for representative projects, the non-residential proportion of community solar projects, growth in the number of operational community solar

projects (based on average project size and the statutory limit of 161 megawatts of total capacity), and a three percent growth rate in assessed value. There is no revenue impact in fiscal year 2023-24 because the expanded exemption begins July 1, 2024.

<u>Food processing machinery and equipment exemption for meat or wild game</u>
Expands property tax exemption for food processing machinery and equipment to include meat or wild game, beginning July 1, 2024. The estimated revenue impact for local governments is based on the value of meat production in Oregon, the relative capital intensity of processing meat for food, and slaughterhouse capacity in Oregon. Additionally, the estimate is based on recent trends for the number of currently exempt properties, the reduction in taxable assessed value per exemption, and the average non-bond tax rate. There is no revenue impact in fiscal year 2023-24 because the expanded exemption begins July 1, 2024.

<u>Multi-unit housing exemption for the entire multi-unit housing</u>
Expands property tax exemption for multi-unit housing to include the entire multi-unit housing, rather than additions and conversions only, beginning the 91st day after sine die. The estimated revenue impact for local governments is based on the ratio of assessed value for the entire multi-unit property and the assessed value of additions and conversions for multi-unit property. This ratio was developed for the four counties that currently use this exemption (Lane, Lincoln, Marion, and Multnomah). Additionally, the estimate is based on recent trends for the number of currently exempt properties, the reduction in taxable assessed value per exemption, and the average non-bond tax rate. The expansion applies to exemptions first granted on or after the effective date (91st day after sine die) and therefore the estimated revenue impact in the 2023-25 biennium is reduced proportionally.

<u>Low-income rental housing exemption for limited equity cooperatives</u>
Expands property tax exemption for newly constructed low-income rental housing to include low-income persons holding a proprietary lease in a limited equity cooperative, beginning July 1, 2024.There is expected to be no revenue impact for local governments. By making the existing property tax exemption for rental housing available to limited equity cooperatives, more nonprofit rental housing developers may choose the limited equity cooperative model, rather than a landlord-tenant model, due to the social and economic implications for residents. This would result in the same housing projects being built, but it may make the limited equity cooperative model more common and the landlord-tenant model less common.

Modifications
<u>Affordable multi-unit rental housing alternate exemption schedule</u>
Authorizes city or county to adopt an ordinance or resolution to establish an alternate schedule in which, for 10 years, the percentage of property tax exemption granted to affordable newly rehabilitated or constructed multi-unit rental housing increases with the percentage of the property units rented to households with income below a certain level, beginning the 91st day after sine die. Any revenue impact is dependent on whether a city or county adopts an ordinance or resolution to establish the new, alternate schedule. The alternate schedule may not take effect unless at least 51 percent of the total tax rate for the eligible property is for districts whose governing bodies pass an ordinance in support of granting the exemption. The person responsible for paying property tax on must apply for the exemption each year. According to the TER, the revenue loss to local governments due to the current schedule is less than $100,000 per biennium. Any impact of the alternate schedule is also limited because the exemption will be repealed on January 2, 2027. However, any property granted the exemption will continue receiving it under the same terms in effect at the time the exemption was first granted.

Surviving spouse of veteran to continue exemption without reapplying
Allows surviving spouse of veteran to continue receiving exemption without needing to reapply, beginning July 1, 2023.There is expected to be no revenue impact for local governments. This assumes that all surviving spouses of veterans apply for the property tax exemption currently. Thus, this modification is not expected to change which properties are exempt.

Policy Purposes

Extensions

Industrial improvements in rural areas exemption or deferral: The policy purpose of this exemption or deferral is to allow cities and counties the ability to provide temporary property tax relief to industrial owners newly constructing or installing qualified industrial improvements in rural areas, thereby encouraging business investment in such property, and contributing to overall economic development.

Federal land used by recreation facility operators under permit exemption: The policy purpose of this exemption is to acknowledge the fees paid by permit holders to the Forest Service, 25 percent of which is returned to counties. It is also to avoid the administrative difficulty of valuing federal land with restrictions on land use.

Food processing machinery and equipment exemption: The policy purpose of this exemption is "that a property tax exemption for qualified real property machinery and equipment encourages continued operation and expansion of the food processing industry in this state" (ORS 307.453).

Certain centrally assessed companies' exemption: The policy purpose of this exemption is to provide tax relief for centrally assessed companies, primarily those with high levels of intangible value and to create a tax environment that incentivizes investment by centrally assessed communication companies in Oregon.

Single-unit housing exemption: The policy purpose of this exemption is that it is "in the public interest to encourage homeownership among low- and moderate-income families" and that "the cities of this state should be able to establish and design programs to stimulate the purchase, rehabilitation and construction of single-unit housing for homeownership by low- and moderate-income families by means of a limited property tax exemption, as provided under ORS 307.651 to 307.687" (ORS 307.654).

Surviving spouses of certain public safety officers exemption: The policy purpose of this exemption is to allow counties to extend tax exemption for police, firefighters, and their families and to extend similar support to first responders.

Expansions

Community solar projects exemption for non-residential projects: The policy purpose of this exemption is to encourage the development of renewable energy for customers that do not have access to individual rooftop solar.

Food processing machinery and equipment exemption for meat or wild game: The policy purpose of this exemption is "that a property tax exemption for qualified real property machinery and equipment encourages continued operation and expansion of the food processing industry in this state" (ORS 307.453).

Multi-unit housing exemption for the entire multi-unit housing: The policy purpose of this exemption is to "stimulate the construction of rental housing in the core areas of Oregon's urban centers to improve the balance between the residential and commercial nature of those areas" and the "development of vacant or underused sites in the core areas" with "rental rates accessible to a broad range of the general public" (ORS 307.600).

Low-income rental housing exemption for limited equity cooperatives: The policy purpose of this exemption is to assist in providing housing equity throughout the state and reduce homelessness.

Modifications
Affordable multi-unit rental housing alternate exemption schedule: The policy purpose of this exemption is to provide county and city governing bodies the ability to implement a targeted property tax exemption that encourages development of multi-unit rental property that is rented to households with annual income at or below 120 percent of the area median, thereby increasing the development, rehabilitation and, ultimately, the supply of workforce and low-income housing units.

Surviving spouse of veteran to continue exemption without reapplying: The policy purpose of this exemption is to recognize the service and sacrifices made by veterans for the country and to compensate veterans and their spouses for reductions in civilian earning capacity due to disabilities.

HB 2086 (CH 231)

Allows petitioner to request correction to property tax roll for current tax year and up to five preceding years. Requires Department of Revenue to add information to property tax bills about how to contact the county assessor office with questions if the property's assessed value for the current tax year increased by more than three percent over the prior tax year. Requires county assessor to make corrections to tax roll following petition. Applies to tax years beginning on or after July 1, 2024. Takes effect 91st day after sine die.

Revenue Impact: None

This measure changes, from "may" to "shall", whether the county assessor needs to make corrections to the tax roll. Based on the assumption of full compliance—a tax roll that does not need correction—this measure is expected to have no revenue impact. With that said, it is possible that a correction to the tax roll can increase, decrease, or have no effect on tax imposed. This is because a correction can be made to an "error or omission of any kind" (ORS 311.205(1)(b)(C)).

HB 2507 (CH 97)

Allows 501(c)(3) corporation that is owned by or purchased by an industry apprenticeship or training trust to permit occasional usage of the property by another 501(c)(3) corporation for purposes for which other corporation is granted exemption from federal income tax, without losing its tax-exempt status. Applies to tax years beginning on or after July 1, 2023. Takes effect on 91st day after sine die.

Revenue Impact: None

Absent the passage of this bill, apprenticeship or training trusts are unlikely to allow others to use their property if it violates the requirements of the exemption. This means that this legislation does not impact which properties are exempt. Since there are no other changes to eligibility, property valuations or tax rates, this measure is not expected to generate a revenue impact. The anticipated impact of this legislation is that apprenticeship or training trusts will be more likely to permit occasional usage of the property by another 501(c)(3) corporation.

HB 2527 (CH 409)

Requires landowner application for special assessment of wildlife habitat land to affirm plan is being implemented substantially as approved and to notify county assessor of change in use prior to next January 1 assessment date. Eliminates requirement for Oregon Department of Fish and Wildlife to monitor program compliance. Disqualifies land from wildlife habitat special assessment upon discovery of landowner noncompliance. Takes effect 91st day after sine die.

Revenue Impact: Minimal

This measure is expected to shift compliance monitoring for the wildlife habitat land special assessment, from the Oregon Department of Fish and Wildlife, to program beneficiaries. If the land does not comply with a wildlife habitat conservation and management plan because of the change in monitoring requirements, most, if not all, of the land is expected to be eligible for one of the special assessments for farmland, western private forestland, or eastern private forestland. All four of these special assessments are assessed at the same value, the value that would apply if the land was farm or forestland. Currently, the wildlife habitat land special assessment results in a revenue loss to local governments of $2M per year. The revenue impact of this measure, if any, would be a fraction of the $2M due to non-compliance that disqualifies the land from all four of these special assessments.

HB 2965 (CH 423)

Cancels outstanding, uncollectible, property taxes and interest for property transferred from federal government to port district and for real property owned by port without working waterfront. Takes effect 91st day after sine die.

Revenue Impact: None

This measure is not expected to change local government revenue because the amounts due are uncollectible. Thus, no revenue impact is expected. The federal agency responsible for the outstanding property tax at the International Port of Coos Bay has already submitted an appeal to contest the amount due. This appeal was denied and there is no expectation that the federal agency will now pay the amount that has been due for more than 30 years. For the Port of Tillamook Bay, there may be no economic incentive to pay the amount due since it is for property without a working waterfront. Furthermore, this property was deeded to them, and they are not responsible for the initial creation of the outstanding property tax.

HB 2971 (CH 520)

Adds in-stream water leasing as another reason farmland will not be disqualified from property tax special assessment, if farmland is used according to accepted farm practices. Requires final order approving in-stream lease issued by Oregon Water Resources Department to be sent to county assessor. Applies to property tax years beginning on or after July 1, 2024. Takes effect 91st day after sine die.

Revenue Impact: Minimal

Adding in-stream water leasing to the eligible farm uses will likely have a minimal revenue impact, like other recent expansions of the farmland special assessment. Legislation in 2009 (HB 2904), 2011 (HB 3280), and 2013 (HB 2788) expanded eligible farm uses in the farmland special assessment to include the implementation of a remediation plan, the establishment of a winery for winery sales and services on land designated for Exclusive Farm Use, and the disposing of food by donation to a local food bank or school. Despite these expansions, the amount of specially assessed farmland has remained remarkably stable at least since the 1997-99 biennium, staying within a narrow range of 15.2-15.6 million acres. The additional eligible farm use will likely provide more flexibility in how farmland can be used while remaining eligible for the special assessment.

Policy Purpose

The policy purpose of this special assessment is "The identification of agricultural land for farm use, as provided by law, [which] substantially limits alternative uses of such land and justifies the valuation of that land based on its agricultural production capability. Therefore, it is the declared intent of the Legislative Assembly that bona fide farm properties be assessed for ad valorem property tax purposes at a value that is exclusive of values attributable to urban influences or speculative purposes." (ORS 308A.050)

HB 3194 (CH 432)

Increases thresholds to determine whether real property improvements constitute "minor construction" for property taxation purposes, from $10,000 of real market value per assessment year or $25,000 over five years, to $18,200 per assessment year or $45,000 over five years. New thresholds will be indexed for inflationary increases annually, if any. Applies to assessment years beginning on or after January 1, 2024. Takes effect 91st day after sine die.

Revenue Impact ($Millions):

	Fiscal Year			Biennium		
	2023-24	2024-25		2023-25	2025-27	2027-29
Local Governments	$0	-$0.9		-$0.9	-$2.1	-$2.3

The revenue impact is due to new property or new improvements with real market value that is more than the current thresholds for minor construction, $10,000 of real market value per assessment year or $25,000 over five years, and less than the proposed thresholds of $18,200 per assessment year or $45,000 over five years. The revenue impact is estimated for the properties with new property or new improvements with a real market value that is higher than the current threshold and up to the new threshold. The amount of the increase in exempt value for each of those properties is then multiplied by the average non-bond tax rate. There is no revenue impact in fiscal year 2023-24 because the measure applies to assessment years beginning on or after January 1, 2024. The measure starts impacting taxes imposed beginning July 1, 2024, the beginning of fiscal year 2024-25. Inflation adjustment in subsequent years starts with the assessment year beginning on January 1, 2025.

SB 198 (CH 172)

Distinguishes residential and commercial floating structures. Requires personal property tax return to be filed for commercial floating structures. Applies to property tax years beginning on or after July 1, 2024. Takes effect 91st day after sine die.

Revenue Impact: No revenue impact.
Since this measure simply codifies the existing practice into law, it is expected to have no revenue impact. In 2022, SB 1559 eliminated the requirement for a return to be filed for manufactured structures and floating homes, unless new property or new improvements had been added in the year. However, the practice remains that non-farm business owners with mobile personal property, including commercial floating structures, file a property tax return by March 15 each year.

SB 919 (CH 583)

Allows a property tax exemption for up to five years for a newly constructed accessory dwelling unit, or a newly converted duplex, triplex or quadplex, that is the occupant's primary residence. Applies to property tax years beginning on or after July 1, 2024. Takes effect 91st day after sine die.

Revenue Impact ($Millions):

	Fiscal Year			Biennium		
	2023-24	2024-25		2023-25	2025-27	2027-29
Local Governments	$0.0	-$0.2		-$0.2	-$0.5	-$0.5

This measure does not automatically change property taxes for any taxpayer. A city or county is allowed to adopt an ordinance or resolution to grant the property tax exemption. An exemption application must be submitted each year by the person responsible for paying property tax.

This exemption is expected to have a similar number of beneficiaries, in similar locations, as other housing exemptions that provide a county option. Property for Low Income Rentals (TER 2.107) and New or Rehabilitated Multi-unit Rental Housing (TER 2.109) both had approximately 100 beneficiaries in fiscal year 2022, mostly in Lane County. The revenue impact is based on an impacted population of similar size in Lane County and the average assessed value of improved residential property (average real market value multiplied by the changed property ratio, both for improved residential property in Lane County). The assessed value is then multiplied by the average non-bond tax rate. The revenue impact is zero in fiscal year 2023-24 because the exemption applies to property tax years beginning on or after July 1, 2024.

Policy Purpose

The purpose of the exemption is to expand housing supply, utilizing existing residential land and infrastructure.

SB 1068 (CH 208)

Allows board of directors of rural fire protection district to identify district coverage area and annex land into district. Takes effect 91st day after sine die.

Revenue Impact:

This measure may have a revenue impact, but it does not automatically change property taxes for any taxpayer. Changes to local government revenue will depend on which boards of the 251 rural fire protection districts (RFPDs), in 34 counties, identify the coverage area of the district, the assessed value of property within the annexed territory, and the current tax rates of those RFPDs.

CORPORATE ACTIVITY TAX

HB 2073 (CH 397)

Specifies that when dealers sell specified items of precious metal, the cost paid by the dealer for the items is excluded from commercial activity subject to the Corporate Activity Tax. Creates exclusion from Corporate Activity Tax for agricultural commodities sold to a processor for out-of-state sale. Allows taxpayers to determine excluded commercial activity for agricultural products sold to processors based on a certificate received from the processor stating the percentage sold out-of-state, or by using an industry average percentage for the commodity from the previous year. Specifies that these two provisions take effect for tax years beginning on or after January 1, 2024

Revenue Impact ($Millions):

	Fiscal Year			Biennium		
Fund for Student Success	**2023-24**	**2024-25**		**2023-25**	**2025-27**	**2027-29**
Precious Metals	-$0.0	-$0.1		-$0.1	-$0.2	-$0.3
Sales to Agricultural Processor	-$0.0	-$0.1		-$0.1	-$0.2	-$0.2
Total	-$0.0	-$0.2		-$0.2	-$0.4	-$0.5

The measure excludes the cost of precious metal sold from the definition of commercial activity subject to the Corporate Activity Tax (CAT). This does not exempt the full transaction amount for sales of precious metals, as the difference between the cost to the dealer and the selling price would remain subject to tax. For this provision, the revenue impact is based on published estimates of similar exemptions granted in other states for sales tax, and for Washington's Business and Occupations Tax. Estimates have been adjusted for changes in price levels of precious metals. Future growth in the exclusion is estimated based on prices reflected in precious metals futures contract prices.

The measure creates an exclusion for farmer sales to agricultural processors based on the percentage the processor sells out of state. Many activities that would be exempted by this measure already fall under existing exemptions, such as sales to brokers, wholesalers, retail and wholesale grocery sales, dairy farmer sales of fluid milk, farmer sales to agricultural co-ops, and the first $1 million of sales for each CAT taxpayer. The estimated revenue impact of this provision is for potential newly exempt sales. It is based on farm sales statistics from the US Department of Agriculture, as well as Corporate Activity Tax returns for tax year 2020.

Policy Purposes
Precious Metals: The policy purpose of the exemption is to create more equitable tax treatment between precious metals purchased as investments or used as a medium of exchange and similar assets such as stocks, bonds, and cash.

Sales to Agricultural Processor: The policy purpose of the exclusion is to support Oregon farm sales of agricultural products to in-state processors.

SCHOOL FINANCE

HB 2238 (CH 403)
Authorizes the Director of the Department of State Lands (DSL) to adopt rules establishing tiered fees related to specified removal or fill permit applications, wetland delineation reports and general authorizations. Establishes a holding period, notification process, and opportunity to claim, for specified personal properties found and collected on lands managed by DSL.

Revenue Impact: Indeterminate
The measure allows the State Land Board to establish administrative fees for certain removal or fill permitting and wetland delineation reviews through rulemaking. The Department of State Lands (DSL) analyzed financial data for the past six years and determined that the Common School Fund (CSF) expends, on average, $1.65 million annually to cover removal or fill program costs. DSL adds that fees paid by permit applicants cover about 1/4 of removal or fill permit program costs. Consequently, an increase in fees paid by applicants would reduce expenditures from the CSF.

The measure also exempts DSL from the unclaimed property statutes which require the holding of personal property for up to two years. By shortening the holding period, the change is expected to save DSL expenditures on maintenance and cleanup of state-owned lands, allowing DSL to draw less from the CSF corpus.

With these two changes, the measure is likely to reduce expenditures from CSF, thus increasing the CSF corpus. However, with fee structure yet to be determined and a lack of data going forward, it is not possible to directly quantify the impact on the CSF. Currently, 3.5% of three-year moving averages of CSF year end balances are distributed to school districts each fiscal year. These distributions become part of formula revenues available for distribution to school districts and education service districts.

HB 2767 (CH 513)
Establishes requirements for approving recovery schools. Prescribes standards and funding provisions related to approved recovery schools. Takes effect on July 1, 2023.

Revenue Impact: No change in the formula revenue available for distribution to school districts

The measure prescribes that approved recovery schools are funded by the State School Fund (SSF) and money from the Statewide Education Initiative Account (SEIA). The Corporate Activity Tax (CAT) funds the SEIA.

For allocations from the SSF, the measure specifies that an approved recovery school receives, for each student, the amount equal to a General Purpose Grant per average daily membership (ADM) of the school district in which the school is located.

Currently, the only recovery school in the state is funded as a public charter school. With the changes in the measure, recovery schools will be part of alternative education and provide education to students recovering from substance abuse disorders. The measure's proposed funding method from the SSF to approved recovery schools is not materially different from the current method. Moreover, the measure does not create a new carve-out and does not add to nor subtract from the formula revenue available to school districts.

HB 3014 (CH 524)

Defines alternative transportation as a way of providing transportation for eligible students. Defines active transportation and declares it a form of alternative transportation. Defines suitable and sufficient transportation in consideration of transportation grants. Modifies conditions under which requirement to provide transportation is waived. Specifies conditions under which alternative transportation costs qualify as approved transportation costs for the purpose of State School Fund distributions. Applies to approved transportation costs occurred on or after July 1, 2024.

Revenue Impact: No change in the formula revenue available for distribution to school districts and education service districts

Each fiscal year, school districts are ranked by approved transportation costs per Average Daily Membership (ADM) from the highest to the lowest. The transportation grant to a school district is then 70 percent of approved costs if the district is ranked below the 80th percentile of transportation costs. If a school district is ranked in or above the 80th percentile but below the 90th percentile, the grant is 80 percent of approved costs. For those districts ranked in or above the 90th percentile, the grant is 90 percent of approved costs.

This measure defines alternative transportation as a way of providing transportation for eligible students and specifies conditions under which alternative transportation costs are approved for a school district in distributing the State School Fund.

More specifically, the measure allows the State Board of Education to approve alternative transportation-related costs as approved transportation costs when (1) the projected approved transportation costs incorporating alternative transportation are the same as or less than the school district's projected approved transportation costs without alternative transportation or (2) the school district demonstrates that any excess expenses of transportation costs over the projected approved conventional transportation costs as a result of providing alternative transportation will be paid with funds other than the transportation grant from the State School Fund. The measure also specifies that approved alternative transportation cost of the school district is capped at 5% of approved total transportation cost.

HB 3221 (CH 537)

Removes federal forest reserve revenues to schools from the list of local revenues for the purpose of State School Fund distributions. First applies to the 2023-24 State School Fund distributions. Takes effect on July 1, 2023.

Revenue Impact: No impact on the 2023-25 formula revenue available for distribution to school districts and education service districts

Local revenues listed in ORS 327.011 are combined with the State School Fund (SSF) to form so-called the formula revenue. This formula revenue will be distributed to school districts and education service districts based on specified formulas in statutes.

The 2018 Consolidated Appropriations Act explicitly states that none of federal forest reserve revenues to schools (or payments from the Secure Rural Schools and Community Self-Determination Act) may be used in lieu of, or to otherwise offset, a state funding source for a local school, facility, or educational purpose. This means such revenues will not be a part of local revenues for the purpose of State School Fund distributions.

Current Oregon law continues to list federal forest reserve revenues as one of local revenues. HB 3221 as amended removes such revenues to schools from the list of local revenues, thus resolving a conflict between federal and Oregon laws.

In consideration of the SSF budget for the 2023-25 school years, federal forest reserve revenues were not included as local revenues. Consequently, the change in this measure has no impact on the 2023-25 formula revenue available for distribution to school districts and education service districts.

HB 5015 (CH 450)

Establishes a total funding of $10.2 billion for the 2023-25 biennium State School Fund, with $8,810.2 million appropriation from the General Fund, $646.5 million expenditure limitation of the Lottery revenues, $40.8 million expenditure limitation of marijuana taxes, $702.0 million expenditure limitation of the Fund for Student Success, and $0.6 million expenditure limitation of miscellaneous receipts.

Revenue Impact ($Millions):

Revenue Source	Biennium 2023-25
From General Fund	$8,810.2
From Lottery Revenues	$646.5
From Marijuana Taxes	$40.8
From Fund for Student Success	$702.0
From Miscellaneous Receipts	$0.6
State School Fund	$10,200.0

Note: SB 5506 (2023) maintains the funding level but adjusts the composition of the SSF.

This bill establishes $10,200.0 million for the 2023-25 State School Fund (SSF), with $8,810.2 million from the General Fund, $646.5 million from the Lottery revenues, $40.8 million from marijuana taxes, $702.0 million from the Fund for Student Success, and $0.6 million from other sources. This SSF is combined with local revenues from school districts (SDs) and education service districts (ESDs) to form the total formula revenue available for distribution.

The attachments to this impact statement display projected formula revenue distributions to individual school districts and education service districts for fiscal years in the 2023-25 biennium.

https://olis.oregonlegislature.gov/liz/2023R1/Downloads/MeasureAnalysisDocument/80102

SB 278 (CH 571)

Modifies calculation methods of the current year's weighted average daily membership (ADMw) when a virtual public charter school-sponsoring school district has a decrease in ADMw as compared to the previous school year. First applies to the 2022-23 State School Fund distributions. Takes effect on passage.

Revenue Impact: No change in the formula revenue available for distribution to school districts

This measure is an effort to ensure funding stability for brick and mortar schools of a school district that sponsors a virtual public charter school whose enrollment could swing wildly.

Under current law, a virtual school sponsoring school district qualifies for an extended ADMw when its average daily membership (ADM) declines in the current school year regardless of what's happening to the virtual school enrollment and the associated ADMw.

A case arises where brick and mortar schools of a virtual school-sponsoring school district may not qualify for an extended ADMw when they face a slight increase in ADM but a decline in ADMw. This situation is addressed in this measure so that such school district continues to qualify for an extended ADMw calculation for brick and mortar schools of the district when either ADM or ADMw of brick and mortar schools of the district decreases.

While this measure changes the way the extended ADMw is calculated for a virtual public charter school-sponsoring school district, it neither adds to nor subtracts from the formula revenue available for distribution to school districts.

SB 1002 (CH 586)

Eliminates State School Fund distributions of facility grants for school districts. Carves out no more than $3 million per biennium from the State School Fund. Directs such carve-out to be used to help improve safety and security of students and staff of school districts, education service districts and public charter schools. First applies to the 2023-24 State School Fund distributions. Takes effect on July 1, 2023.

Revenue Impact: No change in the total formula revenue available for distribution to school districts and education service districts

This measure eliminates facility grants (up to $3 million per biennium) and redirects the money (no more than $3 million per biennium) for school safety and security, thus removing one grant and creating a new carve-out in the State School Fund distributions.

Under current law, facility grants are part of the grants to school districts and they are funded from the school district share of the formula revenue. This measure abolishes facility grants. The measure also specifies that the new safety and security carve-out come directly from the State

School Fund (or the common pool of the formula revenue to be distributed to school districts and education service districts).

The changes in the measure neither add to nor subtract from the total formula revenue available for distribution to school districts and education service districts.

SB 1034 (CH 587)

Directs the Oregon Department of Education to transfer funds to the Oregon Military Department from the State School Fund (SSF) for the purpose of paying costs of educational services provided through programs operated by the military department for at-risk youth. First applies to the 2023-24 SSF distributions.

Revenue Impact: No change in the formula revenue available for distribution to school districts and education service districts

The measure directs that each biennium the Oregon Department of Education transfer from the State School Fund (SSF) to the Oregon Military Department, the amount necessary to pay for educational services provided through programs operated by the military department for at-risk youth that are outstanding after any General Fund appropriations and the calculation of available federal funds for the programs.

The new carve-out will ensure a matching federal grant. The transfer amount from the SSF is not set in the measure and is expected to vary across biennia. However, this carve-out does not add to nor subtract from the formula revenue available for distribution to school districts and education service districts.

SB 5506 (CH 605)

Implements the remaining adjustments to state agencies' legislatively adopted budgets for the 2023-25 biennium.

Revenue Impact: None

It adjusts the composition of the State School Fund (SSF) for the 2023-25 school years but leaves unchanged the total SSF funding level at $10.2 billion. The measure increases the General Fund appropriation to the SSF by $42.4 million and reduces the Lottery revenue expenditure limitation by the same amount. The net impact of these changes is to maintain the 2023-25 SSF funding level at $10.2 billion.

TRANSPORTATION

HB 2100 (CH 232)

Alters and raises various DMV fees. Increases a variety of DMV fee to recover the cost of administering these services.

Revenue Impact ($Millions):

		Biennium		
		2023-25 (18 Months)	2025-27	2027-29
State Highway Fund Total		$17,991,280	$24,614,664	$25,315,160
State (ODOT)	60.05%	$10,803,764	$14,781,106	$15,201,754
Counties	24.38%	$4,386,274	$6,001,055	$6,171,836
Cities	15.57%	$2,801,242	$3,832,503	$3,941,570
ID Card (TOF-Elderly & Disabled Special Transp. Fund)		$262,926	$354,393	$364,316
RVs to Parks		$777,201	$1,033,002	$1,061,926
Total		$19,031,407	$26,002,059	$26,741,402

Most DMV fees are made up of several parts. The base fee is usually the statutory fee before the year 2000. The fees are intended to cover DMV's operating expenses, generate revenue to the State Highway Fund, and fund specific allocations of certain transportation packages. The Base Fees (prior to any additions dedicated by funding packages) are the main source the agency is legally allowed to use in the recovery of its collection costs. However, since those base fees are not dedicated to cover DMV costs, the remainder (net revenue after collection costs) is apportioned to the State (ODOT 60.05%), Cities (15.57%) and counties (24.38%). Except for transportation packages like OTIA (I,II, and III), JTA, and HB 2017, most base DMV fees (which pay for costs) have not been increased in more than 20 years. Since the 2015-17 biennium, DMV Base fees (not connected or part of any particular funding packages) yielded no net revenue to the State Highway Fund. All fee increases by the multiple transportation funding packages (since 2003) were dedicated to something other than DMV operations, with a small exception where HB 4062 (2018 Legislative Session) made small changes to align some fees For the 2019-21 biennium, DMV gross Base-Revenue was $261M and the DMV Operating Cost, Central Service Assessment, and Service Transformation Program expenses were $327M. The current one is the second biennium that operational/collection costs exceed base revenue, and the deficit will continue and grow until base rates are adjusted to cover the costs of the agency.

In essence, by not raising DMV fees, the legislature through the budget process is allowing DMV costs to be subsidized from other (non-package-dedicated) highway fund sources such as fuel taxes. By increasing the fees, this measure is remedying some of that subsidy and restoring that revenue to the highway fund. This revenue in turn gets apportioned to the state (ODOT), counties and cities on the same percentages that govern the base-fee distribution.

Below is a table of all the fee adjustment in this measure.

	Old Statutory fee	New Statutory fee	Actual 2019-21 Cost	Sec tion	ORS
Driver Licensing					
Original Class C Driver License	$54.00	**$58.00**	**$70.93**	1	807.370(1)(a)
Class C Driver License Renewal	$34.00	**$48.00**	**$67.14**	1	807.370(5)(a)
Class C Driver License Replacement	$26.00	**$30.00**	**$33.04**	1	807.370(6)
Orig. Class C Instr. Permit	$23.00	**$30.00**	**$111.89**	1	807.370(1)(e)
Class C Instruction Permit Renewal	$23.00	**$26.00**	**$111.89**	1	807.370(5)(e)
Class C Instruction Permit Replacement	$26.00	**$30.00**	**$33.04**	1	807.370(6)
Class C Knowledge Test	$5.00	**$7.00**	**$2.55**	1	807.370(7)(a)
Class C Skills Test	$9.00	**$45.00**	**$123.16**	1	807.370(7)(d)
Motorcycle Knowledge Test	$5.00	**$7.00**	**$2.55**	1	807.370(7)(b)
Motorcycle Endorsement w/Issuance or Renewal	$46.00	**$60.00**	**$58.62**	1	807.370(3)(a)
Motorcycle Endorsement only	$49.00	**$60.00**	**$58.62**		807.370(3)(b)
Original CDL	$75.00	**$160.00**	**$137.97**	1	807.370(1)(c)
CDL Renewal	$55.00	**$98.00**	**$77.13**	1	807.370(5)(c)
CDL/CDP Replacement	$26.00	**$30.00**	**$33.04**	1	807.370(6)
Orig. CDL Instr. Permit	$23.00	**$40.00**	**$114.05**	1	807.370(1)(f)
CDL Skills Test	$70.00	**$145.00**	**$613.12**	1	807.370(7)(e)
All Hardship/ Probationary Permits	$50.00	**$75.00**	**$100.33**	1	807.370(1)(L)
All Reinstatements	$75.00	**$85.00**	**$82.64**	1&2	807.370(10) + 807.410(d)
Original ID Card	$44.50	**$47.00**	**$33.40**	2	807.410(1)(a)
ID Card Renewal	$40.50	**$43.00**	**$28.82**	2	807.410(1)(b)
ID Card Replacement	$39.50	**$40.00**	**$15.87**	2	807.410(1)(c)&(g)
Vehicles					
License Plate Transfer	$6.00	**$30.00**	**$45.13**	6	803.575(3)
Replacement Plate/Sticker	$10.00	**$12.00**	**$28.42**	6&7	803.575(2)&(5)& 805.250
Replacement Plate/Sticker (At Renewal)	$5.00	**$12.00**	**$28.42**	6&7	803.575(2)&(5)& 805.250
VIN Inspection	$7.00	**$9.00**	**$4.18**	3	803.215
Rounding to whole dollar					
Trailer or Campers over 10 ft extra per foot	$6.75	**$7.00**	**NA**	**4**	803.420(7)(c)(B)
Motor homes over 14ft extra per foot	$7.50	**$8.00**	**NA**	**4**	803.420(7)(c)(D)
Plate manufacturing cost rounded to whole dollar	$0.50	**$1.00**	**NA**	**5**	803.570(2)(a)
Moped and Motorcycle Registration Term					
Registration Period for Moped and Motorcycle 4yrs to 2 yrs.	$176.00	**$88.00**	**NA**	**8**	803.415

It is worthy to note that underperforming fees also result in unintended consequences:

a. Plate transfer fees ($6) are substantially below cost ($45.13) and incentivizes transfers of plates with unexpired registration instead of buying a new plate set ($24) plus 2-year or 4-year vehicle registration. Plate transfer transactions grew from 87,895 in 2009-11 biennium to 146,350 in the 2019-21 biennium. Changes were made in the 2018 legislative session around this activity, to address fraud and theft.
b. Regular Class C drive test fees ($9) are below their cost ($123), and significantly undercut the private businesses that offer non-commercial driver skills tests on behalf of DMV. In fact, the entire $9 fee is dedicated revenue under the JTA funding package. Due to expansion of the Third-Party Testing Program and DMV staffing constraints, about 75% of drive tests are now being conducted by third party testing services.

From the table of fees above it is obvious that even after the increase in statuary fees in this measure, some fees will still be under the threshold of full cost recovery, thus some subsidization of these transactions continues to be the effect of this revenue policy choice. These costs would essentially still be subsidized by the pre-apportioned revenue of the highway fund.

The rest of the sections of the bill have minimal revenue impacts.

HB 3406 (CH 545)

This is an omnibus transportation measure for the 2023 session. It contains three main issues. Permits a road authority to allow person to operate, in a parade, a vehicle otherwise prohibited from operating on highways.

Revises requirements for Highway Cost Allocation Study (HCAS) to include examination of most recent study period to determine accuracy of published HCAS results, and of prospective study period based on projected data. Directs Department of Administrative Services to submit report analyzing at least the three most recent iterations of HCAS to evaluate proportionate share paid by users of each vehicle class.

Expands existing tax credit available to personal and corporate income taxpayers based upon short line railroad rehabilitation project costs actually paid or incurred by the taxpayer in the year in which the tax credit is claimed. Removes the credit distinction between tier 1 and tier 2 short line railroads, causing an increase in the potential annual amount of credit a railroad of 200+ miles may qualify for, from $1,000 multiplied by the number of track miles to $3,500 multiplied by the number of track miles. Disallows from use in determining Oregon short line rehabilitation tax credit, rehabilitation costs that are used, or could be used, to claim federal short line railroad rehabilitation tax credit. If the biennial tax credit certification cap of $4 million is reached, tax credits are first reduced to no more than $400,000 annually for a single railroad. If further reduction is required, tax credits are then allocated proportionally based on the amount each taxpayer would have otherwise received. Applies to tax years beginning on or after January 1, 2024, and before January 1, 2026

Background:
This measure through its amendments constitutes an omnibus transportation policy measure that includes three separate provisions. First, the measure clarifies language that allows road authorities to permit operation of vehicles on road that would otherwise not be permitted to do so, provided that the operation is under the authority\'s conditions and in compliance with state and

federal law. Second, the measure revises the requirement of the biennial Highway Cost Allocation Study. It requires DAS to review a minimum of the last three versions of the study and mandates a report to the Joint Committee on Transportation. Every two years, the Department of Administrative Services (DAS) Office of Economic Analysis performs a Highway Cost Allocation Study to determine the proportional responsibility of Light (passenger) vehicles and heavy (trucks) vehicles for maintenance, preservation, and modernization costs of the state\'s highway system. The results of the study are used to set statutory taxes on light and heavy vehicles for the following biennium. Finally, the measure eliminates the distinction between types of short line railroads with regard to tax credits allowed for their rehabilitation.

Revenue Impact: The tax credit affects the General Fund. It is included in the Personal Income Tax section of this report, on page 17.

BONDING AND DEBT FINANCE

HB 5005 (CH 596)

This is the main bonding authorization bill. It establishes amounts authorized for issuance of general obligation bonds, revenue bonds, certificates of participation and other financing agreements for the 23-25 biennium. Authorizes general obligation bonding for Interstate 5 bridge replacement project for future biennia.

Revenue Impact ($Millions):
While Bond proceeds (minus issuance costs) represent increased revenue, debt service payments are reductions of revenues coming to the state system in each particular biennium.

Article	Program Designation	HB 5005 (2023) Bond Issuance Approved	Cost of Issuance	Debt Service 2023-25	Debt Service 2025-27	Debt Service 2027-29	
Article	**GENERAL OBLIGATION BONDS**						
	General Fund Obligations						
XI(7)	Transportation	$251.83	($1.83)	$0.00	($37.17)	($37.50)	
XI-G	Higher Education Coordinating Comm. - PU	84.66	(0.87)	0.00	(12.26)	(12.37)	
XI-G	Higher Education Coordinating Comm. - CC	74.96	(1.06)	0.00	(8.84)	(8.92)	
XI-H	Dept of Environmental Quality	10.33	(0.33)	(1.83)	(1.82)	(1.84)	
XI-M	Oregon Business Development Dept.	100.89	(0.89)	(8.43)	(15.55)	(15.69)	
XI-N	Oregon Business Development Dept.	50.57	(0.57)	(4.22)	(7.80)	(7.87)	
XI-P	Oregon Department of Education	100.89	(0.89)	0.00	(17.41)	(17.57)	
XI-Q	Department of Administrative Services	1,351.32	(13.32)	(69.66)	(241.95)	(244.13)	
	Subtotal General Fund Supported GO Bonds	**$2,025.44**	($19.74)	($84.13)	($342.80)	($345.88)	
	Dedicated Fund Obligations						
XI-A	Department of Veterans' Affairs	$109.02	$0.00	($7.74)	($15.47)	($15.61)	N
XI-F(1)	Higher Education Coordinating Comm. - PU	24.51	(0.31)	0.00	(3.01)	(3.03)	
XI-H	Dept of Environmental Quality	20.00	0.00	(20.08)	0.00	0.00	
XI-I(2)	Housing and Community Services Dept	50.00	0.00	(3.55)	(7.10)	(7.16)	N
XI-Q	Department of Administrative Services	122.47	(0.47)	(13.66)	(24.87)	(25.09)	
	Subtotal Other Fund Supported GO Bonds	**$326.00**	($0.78)	($45.03)	($50.44)	($50.90)	
	Total All General Obligation Bonds	**$2,351.44**	**($20.52)**	**($129.16)**	**($393.24)**	**($396.78)**	
	REVENUE BONDS						
	Direct Revenue Bonds						
	Housing and Community Services Department	$500.00		($46.83)	($93.66)	($94.50)	N
	Department of Transportation	660.00		(2.13)	(4.26)	(4.30)	N
	Oregon Business Development Department	30.00		(13.05)	(26.10)	(26.34)	N
	DAS Lottery Revenue Bonds	501.10		(97.48)	(194.97)	(196.72)	
	Total Direct Revenue Bonds	**$1,691.10**		**($159.49)**	**($318.99)**	**($321.86)**	

Bonding amounts donated by “N” are assumed to be a Mid-Biennium issue.

This is the 2023-25 major bond bill. Revenue in 2023-25 represents the sum of net proceeds income and the debt service payments for the biennium. The measure makes legislative findings regarding benefits to higher education institutions and community colleges from issuance of bonds under Article XI-F(1) and Article XI-G of Oregon Constitution. Requires constructing authority to make certain certifications before issuance of bonds under Article XI-G of Oregon Constitution. Establishes requirements applicable to certain contracts for specified higher education capital construction projects. The bonds are assumed to be 25 years repayment service and 5% interest rate, except for XI-H Other Funds which are expected to be fully repaid in 2023-25. After issuing these bonds, the state’s remaining debt capacity is about $66 million for the 23-25 biennium.

For a detailed list of projects financed by the bond bill please refer to LFO budget report of HB 5505 , and the Capital Construction Bill SB 5506.

HB 5030 (CH 599)

Modifies amount and purposes of lottery bonds authorized to be issued for specified state agencies. Authorizes issuance of various other lottery bonds. Establishes funds, or provides for deposit of moneys into existing funds, and appropriates moneys for projects financed. Provides that State Treasurer may not issue certain lottery bonds unless Oregon Department of Administrative Services determines that recipient is ready to expend proceeds for authorized use.

Revenue Impact ($Millions):

The revenue impact of lottery bonds includes the proceeds as revenue and costs and debt service as a reduction in revenue.

		Project Amount	Cost of Issuance	Debit Service Reserve	Bond Par Value	Debt Service 2023-25	Net Revenue 2023-25	Debt Service 2025-27	Debt Service 2027-29
Administrative Services	DAS	$63.95	-$0.83	-$5.74	$70.53	-$1.39	$62.56	-$11.00	-$12.00
Business Development	OBDD*	$136.33	-$1.63	-$13.22	$151.18	-$4.01	$132.31	-$26.00	-$28.00
Education	ODE	$15.00	-$0.20	-$1.52	$16.72	$0.00	$15.00	-$3.00	-$3.00
Fish and Wildlife	ODFW	$13.75	-$0.18	-$1.22	$15.16	$0.00	$13.75	-$2.00	-$3.00
Transportation	ODOT	$45.00	-$0.51	-$3.98	$49.50	$0.00	$45.00	-$8.00	-$9.00
Health Authority	OHA	$50.00	-$0.53	-$5.04	$55.57	-$2.51	$47.49	-$10.00	-$10.00
Housing & Community	OHCS	$50.00	-$0.53	-$5.04	$55.57	-$2.51	$47.49	-$10.00	-$10.00
Parks & Recreation	OPRD	$10.00	-$0.16	-$0.89	$11.05	$0.00	$10.00	-$2.00	-$2.00
Watershed Enhance	OWEB	$4.00	-$0.05	-$0.36	$4.41	$0.00	$4.00	-$1.00	-$1.00
Water Resources	WRD	$65.00	-$0.70	-$5.73	$71.43	-$2.63	$62.37	-$11.00	-$12.00
Total		**$453.03**	**-$5.31**	**-$42.76**	**$501.10**	**-$13.05**	**$439.97**	**-$85.25**	**-$88.59**

* Fixed from RIS

The table above table reflects the authorization of $501 million in Lottery Bonds for the 2023-25 biennium. Except for $27.4 million, this authorization consumes most of the capacity recommended by the SDPAC. Bond proceeds are counted as positive revenue as they come into the state revenue stream. Reserves are amounts held back till the end of the of the payment schedule, and debt service payments are considered a reduction to state revenue. The total debt service on these bonds will be approximately $811 million by the time they are paid off. For more information on the projects financed by these bonds refer HB 5030 on OLIS and to the budget report of HB5030, and the capital construction bill SB 5006 on (oregonlegislature.gov) and SB 5006 as reported by the Committee on Ways and Means.

SB 5543 (CH 22)

Appropriates moneys from General Fund to Bond Authorization for biennial expenses.

Revenue Impact ($Millions):

	Biennium 2023-25	2025-27	2027-29
Debt Service Reduction	$1.96	$2.55	$2.55

The measure reduces the 21-23 bond authorization for a public university project. Article XI-F(1) general obligation bond authority was reduced by $20,210,000 to reflect a reduced scope for the Oregon Institute of Technology's new residence hall project. The amounts are reflected as reductions in debt service payments of about $1.26 million a year, which translates to an increase in General Fund revenue available for other expenditures. More details of this adjustment can be found in the budget report by LFO:
https://olis.oregonlegislature.gov/liz/2023R1/Downloads/CommitteeMeetingDocument/264042

ESTATE TAX

SB 498 (CH 286)

Creates an exclusion from the Estate Tax for any interest in natural resource property that is held by a decedent for at least five years prior to death and is transferred, at the time of death to one or more family members of the decedent. Requires material participation of a family member 75% of each year five years prior to decedent's death and five years after. Reimposes tax eliminated by the exclusion if the property is sold or transferred to a person other than a family member in the five calendar years after the decedent's death or if material participation requirement is not met. Allows estates to claim an exclusion of up to $15 million of natural resource property value and prohibits claiming the existing Natural Resource Credit if they claim such exclusion. Applies to the estates of decedents dying on or after July 1, 2023.

Revenue Impact ($Millions):

	Fiscal Year			Biennium		
	2023-24	2024-25		2023-25	2025-27	2027-29
General Fund	-$0.6	-$7.4		-$8.0	-$15.5	-$16.4

The measure creates an option for estates with natural resource property to claim either the existing Natural Resource Credit, or the new exclusion. The exclusion is more favorable due to reduced requirements for ownership and business-use of qualifying property, an increased maximum value of qualifying property, and an elimination of the maximum total value of property in estates that qualify. The revenue impact includes the reduction in tax that is expected for estates that use the exclusion and would have claimed the credit, as well as estates that use the exclusion but would not have claimed the credit.

Currently about 50 to 60 estates use the credit each year. The average tax reduction to those that qualify for the credit will increase with the exclusion both because the exclusion provides a greater benefit for a given value of property, and because the ownership and business-use requirements for claimed property will increase the value of property those estates claim. Based on estate tax returns, it is estimated the total reduction in tax for estates in 2024 that would otherwise claim the credit would be $1.6 million with the exclusion in addition to the reduction they would get if only the credit were available.

Based on property value statistics as well as income and wealth statistics for farm, forest, and fishing property owners, it is estimated that each year about 170 Oregon estates that owe estate tax have some natural resource property but are not currently using the credit because of current value limitations or ownership and business-use requirements. Such estates are estimated to have reduced tax under the new exclusion of about $5.9 million for 2024. The revenue estimate for estates that don't currently use the credit are adjusted based on statistics for length of ownership for family farms and the amount of farmland owned by non-farmer landlords.

The due date for estate tax payments is 12 months after death of the decedent. Growth in the revenue impact each year is based on growth in the number of estates, and in the value of natural resource property. The growth estimates primarily rely on forecasts developed the Office of

Economic Analysis including deaths in the Oregon population forecast as well as the estate tax collections forecast.

The policy purpose is to alleviate the need for estates with natural resource property to sell assets to pay estate tax, facilitating the passage of property ownership to family members.

COURT FEES

HB 2095 (CH 33)

Authorizes all cities to elect to operate photo radar if city pays costs of operating photo radar.

Revenue Impact ($Millions):

	Biennium		
	2023-25	**2025-27**	**2027-29**
Criminal Fines Account (CFA)	$5.2	$8.9	$8.5
Cities	$2.7	$5.3	$5.4
Total	$7.9	$14.3	$13.9

This measure changes the Photo Rader procedures enforcement for cities. It expands the allowance of photo radar enforcement, limited to ten cities currently in the statutes, to all cities in the state. Additionally, the measure removes the current four-hour enforcement limit in any one location. The measure essentially allows the photo radar to be operated continuously in the locations that qualify under the safety specifications. The Measure also gives the cities the authority to change and determine speed on different segments of the roads up to 10 miles below the statutory speed, providing the designated speed is not less than 20 MPH. Three cities currently use photo radar vans. The city of Medford, Beaverton, and the city of Portland, which operates two photo radar van units on 4-hour rotations designated to safety areas. This analysis assumes that the hours of enforcement will expand for these safety designated locations, and the number of radar units will increase to cover other locations since they don’t have to move every four hours. The expanded authority will operate in a similar fashion to the fixed photo radar systems currently operational on high crash corridors in the city of Portland. The three cities that currently operate photo radar are likely to expand their safety enforcement under the bill which will lead to reductions in both speeds, accidents, and citations overtime (as shown in 25-27 biennium). However, it is also assumed that other cities will utilize this expanded authority to reduce speeds and avoid crashes in the high traffic accidents residential areas. This will result in an increase in citations as the program expands and a decrease in traffic speeds overtime.

The city of Portland utilizes the circuit court to collect traffic citations, which results in sending about 70% of the fines to the state CFA account. Other cities utilize their municipal courts, which send only $50 off the top of each paid convection to the CFA account.

OLCC (MARIJUANA AND LIQUOR)

HB 3308 (CH 539)

Authorizes Oregon Liquor and Cannabis Commission to issue delivery permit to qualified applicant to deliver alcoholic beverages to final consumers. Requires third-party delivery facilitators to hold permit issued by commission in order to facilitate sales and deliveries of alcoholic beverages. Imposes requirements for delivery persons and third-party delivery facilitators, including training requirements. Specifies liability of third-party delivery facilitator and eligible business. Prohibits person that does not hold third-party delivery facilitator permit from engaging in activity that requires third-party delivery facilitator permit. Punishes by maximum of 364 days' imprisonment, $6,250 fine, or both. Authorizes commission to impose civil penalty against third-party delivery facilitator for violation committed by facilitator or delivery person on behalf of facilitator. Requires commission to develop uniform standards for minor decoy operations to investigate deliveries of alcoholic beverages to final consumers for violations of laws prohibiting deliveries to minors. Expands categories of persons prohibited from selling, giving or otherwise making available alcoholic liquor to person under 21 years of age.

Background:

In 2021, the Legislative Assembly passed Senate Bill 317 to allow a full on-premises sales licensee to sell and deliver mixed drinks and single servings of wine in a sealed container for off-premises consumption beginning January 1, 2022. Sales must be made directly to the consumer, although delivery may be made through a third party
Following the passage of SB 317, the OLCC completed a study of alcohol delivery by third-party carriers in Oregon. The study asked the question whether unlicensed third parties have safe alcohol delivery policies that keep alcohol out of the hands of minors. The OLCC learned that there was need for improvement regarding ID checking compliance by third-party carriers. Possible improvements could include better education, consistent ID checking policies and practices, and increased oversight to establish effective approaches to improving compliance with ID checking requirements.

Revenue Impact ($Millions):

	Biennium		
Home Delivery	**2023-25**	**2025-27**	**2027-29**
General Fund	$3.94	$5.71	$5.96
Cities	$2.39	$3.46	$3.62
Counties	$0.70	$1.02	$1.06
Total	$7.03	$10.19	$10.65

This measure authorizes OLCC to establish a system to issue permits to third-party facilitators to deliver alcoholic beverages, on behalf of an eligible business, to final consumers. The measure permits a third-party facilitator or an eligible business to hire a delivery person if person is at least 18 years old, has a valid driver license or state-issued identification, and has completed a required training. In addition, the measure requires OLCC to develop uniform standards for minor decoy operations to restrict delivery of alcoholic beverages to minors.

During the COVID-19 emergency, the OLCC allowed third-party ecommerce platforms to facilitate the ordering and delivery of alcohol from licensees and distillery agents (those operating tasting rooms) to customers. Under existing Oregon law and the OLCC's regulatory framework, wine, cider, and malt beverages may be delivered to consumers by parties with retail off-premises sales privileges either directly or using approved for-hire carriers. In addition, distillery agents may deliver the distilled liquor that they manufacture to Oregon consumers. In 2021, Senate Bill 317 permanently allows Full-On-Premises Sales licensees to sell cocktails and single servings of wine to-go. The number of for-hire-carriers (which includes e-commerce platforms providing delivery services and common carriers, among others) doubled from February 2020 to February 2021. There are currently 118 for-hire carriers approved to deliver alcohol to consumers in Oregon. In addition to the traditional carrier/shipment model operated by businesses like Federal Express and a variety of smaller local delivery services currently approved as carriers, there is an emerging field of personal convenience businesses such as, UberEats, Drizly, Grubhub, DoorDash, Delivery.com and others interested in providing same-day, rapid turn-around delivery of food and/or alcohol between businesses and consumers via an ecommerce platform marketplace. The growth in the use of these services since the onset of the COVID-19 emergency and the interest on the part of consumers to access these resources for delivery of alcohol is likely to continue and grow.

The first biennium revenue reflects late start in the biennium and setup time. ORS 471.810 requires the revenue in the OLCC account to be distributed 56% to the state General Fund, 10% to Counties by population, 20% to Cities by population, and 14% to Cities by formula.

HB 3610 (CH 264)

Establishes the Task Force on Alcohol Pricing and Addiction Services. Directs task force to study issues related to alcohol addiction in this state and to submit findings to interim committees of Legislative Assembly related to health not later than September 15, 2024. Requires the report to include finding on alcohol addiction and alcohol addiction prevention; distribution of resources for alcohol addiction treatment; current overall funding for alcohol addiction treatment programs; cost of alcohol addiction to state; benefits and drawbacks of imposing taxes on beer and wine; and additional funding options for alcohol addiction treatment.

The task force shall consult with the Legislative Revenue Officer in studying the following issues:

a) Alcohol addiction and alcohol addiction prevention.
b) The distribution of resources for alcohol addiction treatment.
c) The current overall funding for alcohol addiction treatment programs, including the levels of funding for programs by the state and local governments, existing metrics used to measure effectiveness of funding and of programs and the amount that community care organizations spend on alcohol addiction treatment;
d) The cost to this state of alcohol addiction.
e) The benefits and drawbacks of imposing taxes on malt beverages and wine; and
f) Additional funding options for alcohol addiction treatment, including modifying the current distribution of alcohol tax revenue and increasing taxes on alcohol, and the potential economic impact of tax increases on relevant industries.

Revenue Impact: None

TIMBER TAX

HB 2087 (CH 491)

Extends three parts of the Forest Products Harvest Tax through 2024 and 2025. Sets the tax rates for the purposes of funding OSU Forest Research, administering the Forest Practices Act, and funding OSU Forestry education at $0.90, $2.5346, and $.21 per MBF, respectively.

Revenue Impact ($Millions):

	Biennium ($M)		
Policy / Fund	**2023-25**	**2025-27**	**2027-29**
OSU Forest Research	$4.1	$2.5	$0.0
Forest Practices Administration	$11.5	$6.9	$0.0
OSU Forest Education	$1.0	$0.6	$0.0
Total	**$16.5**	**$10.0**	**$0.0**

The Forest Products Harvest tax extension is applied to tax years 2024 and 2025. The estimates are based on the timber harvest forecast included in the May Economic & Revenue forecast produced by the Office of Economic Analysis. The estimates include one quarter delay in collections compared to applicability.

STATE FINANCE

HB 2001 (CH 13)

Requires the Housing and Community Services Department to provide grants and loans for modular housing. Requires the proceeds received by the state for the repayment of loans to be deposited into the General Fund. Requires any amounts remaining in the City Economic Development Pilot Program on the effective date of the Act that are unexpended and unobligated to be reverted to the General Fund.

Revenue Impact:

The required deposits into the General Fund would result in a revenue gain to the General Fund. Remaining funds in the City Economic Development Pilot Program are expected to be no more than $40,000, some of which may be obligated to other entities. For the deposits due to the loans, however, the amount and timing of such payments will depend on the structure and repayment schedule of loans yet to be made. Consequently, the revenue impact is indeterminate.

HB 3215 (CH 558)

Closes the Wildfire Damage Housing Relief Account.

Revenue Impact:

Closing this account will result in a transfer of an estimated $220,000 to the General Fund.

SB 4 (CH 25)

Requires the Oregon Business Development Department (OBDD) to develop program to award $210 million in grants and loans from Oregon CHIPS Fund to applicants for Creating Helpful Incentives to Produce Semiconductors for America Act of 2022 (CHIPS Act) funds.

Revenue Impact:

The bill makes no changes to tax policy but does require program participants to generate either a minimum amount of public revenue or permanent, full-time positions. For agreements up to five years in length, every $1 million in grants or loans received must result in at least $1.25 million of state and local revenue; for agreements longer than five years, that amount is $1.5 million. The bill allows the Oregon Business Development Department and the recipient business to specify what the term ‘revenue’ includes. In lieu of the public revenue requirement, businesses may commit to the creation of new jobs in Oregon, of which at least 65 percent are required to be permanent, full-time positions. These jobs are required to pay, on average, at least the average median income for the region in which they are located. The actual result of increased revenue or jobs is dependent on a number of factors and conditions that would unfold as projects move forward. The bill also requires any amounts remaining in the Oregon CHIPS fund on June 30, 2025 to be transferred to the General Fund. Without knowing the particulars related to participants, projects, the amount and timing of grants and loans issued, or the mechanisms by which state or local revenue would be generated, the impact is considered indeterminate.

SB 1049 (CH 602)

This measure is the program change bill to implement statutory changes for budgetary purposes. Schedules, on May 31, 2025, transfers of $40 million from the Public Employees’ Revolving Fund and $614,635 from the Health Insurance Exchange Fund to the General Fund

Revenue Impact ($Millions):

	2023-25
General Fund	$40.6

These two transfers are scheduled to occur in May 2025, shortly before the end of the biennium.

SB 5506 (CH 605)

Implements the remaining adjustments to state agencies’ legislatively adopted budgets for the 2023-25 biennium.

Revenue Impact:

The measure has no revenue impact. It adjusts the composition of the State School Fund (SSF) for the 2023-25 school years but leaves unchanged the total SSF funding level at $10.2 billion. The measure increases the General Fund appropriation to the SSF by $42.4 million and reduces the Lottery revenue expenditure limitation by the same amount. The net impact of these changes is to maintain the 2023-25 SSF funding level at $10.2 billion.

MISCELLANEOUS

HB 2757 (CH 251)

Imposes tax of 40 cents per line per month on consumers and retail subscribers who have telecommunications service or interconnected Voice over Internet Protocol (VoIP) service and 40 cents per transaction for prepaid telecommunications services, to pay for crisis services system. Exempts services provided under the Oregon Lifeline program from the new tax. Applies the tax to subscriptions and retail transactions beginning January 1, 2024.

Revenue Impact ($Millions):

	Fiscal Year			Biennium		
	2023-24	**2024-25**		**2023-25**	**2025-27**	**2027-29**
9-8-8 Trust Fund	$6.5	$26.4		$32.9	$54.1	$56.0

The forecast of the current 911 tax from the Governor's Budget, updated for recent collections, is the base for the revenue estimate for this 988 Tax. Starting the tax in January 2024 will result in five quarterly payments arriving in the 2023-25 biennium. The bill exempts low-income households that receive discounted phone service through the Oregon Lifeline program.

The policy purpose of the exemption is to support access to phone service for households that qualify for the Oregon Lifeline program.

HB 2128 (CH 401)

Replaces an escrow deposit system with a direct payment to the state for a nonparticipating tobacco manufacturer for purposes of the Master Settlement Agreement. Requires that such direct payments be deposited in the Oregon Health Authority Fund (OHA Fund) to be used for the Oregon Health Plan (OHP).

Revenue Impact: Additional deposits to the Oregon Health Authority Fund are expected but timing of deposits is yet to be known.

SB 792 (1999) required any manufacturer selling tobacco products to consumers in Oregon to either become a participating manufacturer (PM) and meet its financial obligations under the Master Settlement Agreement or to deposit specified amounts into a qualified escrow account as a non-participating manufacturer (NPM).

This measure replaces the current escrow deposit system for NPMs with a direct payment to the state. The direct payments are to be used for expenses of the Oregon Health Plan (OHP).

Based on escrow deposit history in recent years, annual direct payments are estimated to be $4.0 million per year. Considering a downward trend in tobacco product consumption in general, the annual direct payment is likely to be less than $4 million in any year, going forward.

A court challenge, if any, to the changes in the measure may impact the timing of deposits.

HB 3331 (CH 58)

Amends eligibility requirements to receive benefits for an employee under the Work Share program. Takes effect on the 91st day following the adjournment sine die.

Revenue Impact ($Millions):

	Fiscal Year			Biennium		
	2023-24	2024-25		2023-25	2025-27	2027-29
Unemployment Insurance Trust Fund	-$0.06	-$0.08		-$0.14	-$0.17	-$0.20

Data Source: Oregon Employment Department

The measure changes the requirements for certain employees under the Work Share program to be eligible for unemployment insurance benefits. First, the measure removes specified continuous employment requirement. Second, it also changes weekly hour reduction requirement. As a result of these changes, more unemployment benefits claims and payments are expected. Benefits claims and payments are expected to start in the 2023-25 biennium.

SB 489 (CH 180)

Removes restrictions on payment of unemployment insurance benefits to certain individuals in an educational institution or an institution of higher education.

Revenue Impact ($Millions):

	Fiscal Year			Biennium		
	2023-24	2024-25		2023-25	2025-27	2027-29
Unemployment Insurance Trust Fund	-$0.03	-$0.05		-$0.08	-$0.10	-$0.12

Data Source: Oregon Employment Department

The measure makes qualified individuals working for an educational institution in a capacity other than instructional, research, or principal administration to be newly eligible for unemployment Insurance benefits during a break or recess period of the institution. The great majority of the affected institutions are reimbursing employers but currently there are some tax paying employers.

The bill would become effective on January 1, 2024. The revenue impact reflects benefit payments to qualified individuals from tax paying employers and lost interest income.