REVENUE MEASURES PASSED BY THE 82nd LEGISLATURE 2024 Session

REPORT #3-24
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BILLS BY SUBJECT AREA		Page
Personal and Corporate Income and Excise Taxes		
SB 1520	Creates personal income tax subtraction for any amount received in judgment or settlement of a civil action arising from wildfire. Creates personal income tax subtraction for legal fees incurred by a plaintiff seeking compensation through wildfire-related litigation.	6
SB 1526	Omnibus tax measure affecting Industrial Site Readiness Program, short-line railroad tax credit, retention of publicly supported housing tax credit, and pass through entity elective tax (SALT deduction limit workaround).	7
SB 1527	Modifies provisions governing first-time home buyer savings accounts and associated personal income tax subtraction.	8
SB 1595	Increases certain amounts exempt from garnishment and execution.	9
Property Tax and Local Government Finance		
HB 4056	Requires counties establish a process to determine the amount, distribution and timing of any surplus proceeds from a property tax foreclosure sale.	9
HB 4111	Exempts real farm machinery and equipment from property taxation.	10
SB 1517	Allows the urban flood safety and water quality district to levy a charge to fund operations and maintenance, and to levy a fee to fund certain fixed costs and operation and maintenance costs not funded by the charge.	10
SB 1526	Omnibus bill that makes technical and policy changes to income taxation, property taxation and corporate activity taxation.	10
SB 1537	Creates a permissive partial property tax exemption available to certain affordable housing projects. Requires local governments grant an adjustment to development standards under certain conditions, which may increase usage of existing property tax exemptions for affordable housing. Allows one-time expansions of urban growth boundaries, which may increase usage of an existing property tax exemption for affordable housing.	12
SB 1545	Authorizes a county to allow certain owners that rebuilt their homestead on the same lot after it was destroyed by the September 2020 wildfires, to have their rebuilt homestead specially assessed, up to the square footage of the destroyed homestead.	13

INDEX BY BILL NUMBER

2024 REVENUE MEASURES PASSED
OVERVIEW

Revenue Situation

General Fund revenue continued to exceed projections during the first six months of the 2023-25 biennium. The revenue forecast released at the start of the February legislative session showed an increase of just over $635 million in General Fund revenue above the Close-of-Session estimate. Combined with an increased beginning balance of just over $589 million, the ending balance for the 2023-25 was roughly $1.6 billion dollars at the start of the 2024 session. This level is roughly $1.2 billion above the Close-of-Session estimate. Much of the February session was spent appropriating these additional revenues. Table 1 shows the 2023-25 General Fund resource situation and how it changed between the end of the 2023 session and the beginning of the 2024 session.

Table 1: 2023-25 General Fund, Lottery, and CAT Revenue

($Millions)

Sources	Close-Of-Session Forecast	March 2024*	Change
Beginning Balance	$7,493.5	$8,082.5	$589.0
Transfer to Rainy Day Fund	-308.4	-244.9	+63.5
Personal Income Tax	21,019.7	21,178.1	+158.4
Corporate Income Tax	2,228.9	2,762.1	+533.1
Other General Fund	2,011.3	1,913.1	-98.2
Other Transfers	-128.6	-202.9	-74.3
Net General Fund Resources	32,316.4	33,487.9	+1,171.5
Lottery resources	1,919.4	1,935.6	+16.2
Constitutional Distributions	-632.4	-636.0	-3.6
Net Lottery	1,287.0	1,299.6	+12.6
Corporate Activity Tax	2,779.1	2,814.6	+35.5
General Fund / Lottery / CAT	**36,382.5**	**37,602.1**	**+1,219.6**

* Includes legislation enacted from the 2024 session.

The figures in Table 1 include the General Fund revenue impact of measures approved in the 2024 regular session. General Fund, Lottery, and CAT resources are roughly $1.2 billion higher than estimated at the close of the 2023 session. Based on this forecast a corporate kicker of $533 million is projected; these dollars would be dedicated to K-12 education spending during the 2025-27 biennium. The personal kicker is roughly $400 million below the triggering threshold.

Key Revenue Measures

This section highlights key revenue measures passed in the 2024 legislative session. A review of all 2024 revenue measures, including the ones in this section, can be found in the remainder of the report. For a review of revenue measures passed during the 2023 session, see Research Report #4-23. For a review of Legislatively Adopted Budget, see Legislative Fiscal Office (2023-25 Legislatively Adopted Budget).

SB 1520 - Income Subtraction for Wildfire Related Judgments and Settlements

Current federal law requires that any income from a judgment or settlement be counted as taxable income. This bill ensures that this income is not taxed by Oregon. Certain requirements must be met for the income to be eligible for the subtraction. For example, the income must be for certain wildfires that occur between 2018 and 2025.

HB 4033 - Long-term Care Assessment

This bill simply extends, for six years, the existing long-term care assessment in its current form. This assessment is part of a combination of taxes collectively referred to as Oregon's Medical Provider Taxes.

SB 1526 - Tax Change Omnibus Bill

This is the tax-related omnibus bill for the 2024 session. The bill primarily consists of technical changes, fixes, or clarifications to the personal income tax, the property tax, or the corporate activity tax. The bill does, however, contain two policy changes. The first is an alignment of changes to the short-line railroad tax credit made in 2023 with the extension of the tax credit through 2029. The second makes modifications to the Industrial Site Readiness program with the intent of improving its effectiveness.

HB 4031 - Confidentiality Requirements for Local Taxes

Current law places specific confidentiality requirements on the Department of Revenue with respect to tax information received by the agency. This bill extends that same type of confidentiality to local governments that collect, administer, or manage certain types of local taxes.

HB 4111 - Farm Machinery & Equipment

This bill expands the property tax exemption for farm machinery and equipment from just personal property to also include qualifying real property.

PERSONAL AND CORPORATE INCOME & EXCISE TAXES

SB 1520 (CH 50)

Creates Oregon personal income tax subtraction for any amount received in judgment or settlement of a civil action arising from wildfire. Requires wildfire to be subject of a state of emergency declared by the Governor, occur in an area subject to an executive order of the Governor invoking the Emergency Conflagration Act, or be a federally declared disaster located within Oregon or elsewhere. Creates Oregon personal income tax subtraction for legal fees incurred by a plaintiff seeking compensation for losses, expenses, or damages through wildfire-related litigation. Disallows subtraction if amount is otherwise claimed as a credit or deduction on a taxpayer's federal income tax return, or amount is compensated by insurance or otherwise. Applies to losses incurred, amounts received, and legal fees subtracted in tax years beginning on or after January 1, 2018, from wildfires that were declared in years 2018 through 2025. Allows tax returns from years 2018 through 2020 to be amended and filed prior to May 15, 2025, for purposes of claiming the wildfire judgment/settlement or legal fees subtractions.

Revenue Impact:

Under current law, amounts received from a judgment or settlement may be subject to income taxation depending on the particulars of the judgment or settlement. The Oregon income tax subtraction created by the measure would eliminate Oregon income tax liability on qualified amounts that would otherwise be subject to taxation. Subtraction of legal fees effectively reinstates as an Oregon subtraction, the miscellaneous itemized deduction but specific only to legal fees incurred by a plaintiff seeking compensation through wildfire-related litigation.

Since 2018, Oregon and neighboring states have experienced multiple wildfires that would meet measure's applicable wildfire designation. Of particular importance in terms of potential revenue impact are a subset of the 2020 wildfires that are subject to ongoing litigation and/or recent settlement with PacifiCorp (Archie Creek, Santiam Canyon, Echo Mountain, South Obenchain, and Two-Four-Two fires). In 2023, a settlement of $299 million was reached between PacifiCorp and nearly 500 southern Oregon residents relating to the Archie Creek Complex fire. Settlement specifics are not publicly available, but a portion of the settlement may no longer be subject to Oregon income taxation following use of the proposed tax subtraction. Litigation in Multnomah County between nearly 2,500 affected owners or residents and PacifiCorp is ongoing. Initial judgments for 26 of the 2,500 plaintiffs awarded about $175 million in total damages, most of which are categorized as non-economic damages (such damages are more likely to be subject to taxation under current law). Amounts of the two initial judgments, financial filings, and amount of damages being sought suggest final damage award for all represented plaintiffs could be hundreds of millions of dollars or more, which would lead to sizeable amounts being subtracted under measure's proposed income tax subtraction. Potential judgment payments are considered prospective as litigation is ongoing and are not presently included in Oregon's baseline revenue forecast.

Policy Purpose

The policy purpose of this measure is to assist taxpayers in rebuilding and recovering following the impact of a catastrophic wildfire.

SB 1526 (CH 52)

The measure is an omnibus bill that makes many technical changes to income tax and property tax statutes. Measure also makes some policy changes that affect tax revenues. The two provisions that have potential impacts on personal and corporate income tax revenue are modifications of the short line railroad tax credit and modification and extension of the Industrial Site Readiness program.

Revenue Impact ($Millions):

	Biennium		
	2023-25	**2025-27**	**2027-29**
Short Line Railroad Tax Credit	$0	-$0.4	-$0.9

Short Line Railroad Tax Credit

Measure extends to tax years 2026 through 2029, modifications to credit made by HB 3406 A (2023). Modifications to the credit made in 2023 expanded the potential value of the credit for larger non-publicly owned short line railroads by eliminating the credit tier 1 and tier 2 distinction. Additionally, measure disallows from use in determining Oregon short line rehabilitation tax credit, rehabilitation costs that are used, or could be used, to claim the federal short line railroad rehabilitation tax credit. If Oregon's biennial tax credit certification limit 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. Changes to credit by measure apply to tax years beginning on or after January 1, 2026, and before January 1, 2030.

Credit modifications are estimated to increase the use of the short line railroad tax credit in the respective tax years causing a reduction in General Fund revenue in the 2025-27 and 2027-29 biennia. Eliminating the tier 1 and tier 2 distinction is expected to increase the value of the tax credit for three short line railroads classified as tier 1. The increased value of the credit will likely cause the biennial limit to be reached in 2027-29, which will cause individual short line railroads to be limited to $400K in that biennium. Proportional reduction for all other short line railroads is not expected. Requirement that costs used to qualify for Oregon tax credit must first be used to offset a potential federal tax credit may reduce Oregon credit amount depending on the amount of rehabilitation costs incurred during the year for the respective short line railroads.

Policy Purpose

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

Industrial Site Readiness

The industrial site readiness program allows local government project sponsors investing in the preparation of industrial sites to receive site preparation costs offsets from either a loan (possibly forgivable) or cost reimbursement from the state. Qualifying local governments may enter into a loan agreement with the Oregon Business Development Department (OBDD) that can include loan forgiveness under specified terms (funding through OBDD for the loan program has not been available to date). Local government project sponsors may also enter into a tax reimbursement arrangement with OBDD where the project sponsor receives full reimbursement for eligible site preparation costs through a sharing of 50% of the estimated personal income taxes paid by the eligible employees hired at the industrial site by an eligible employer. To qualify, employers must hire a specified minimum number of employees that exceed specified wage thresholds. Current law requires local government project sponsors to have entered into agreements with OBDD before July 1, 2023 (existing agreements remain in effect after this date) and limits total loans and reimbursements to all project sponsors to $10 million annually.

Measure modifies definition of eligible employer, to align with data availability, through changes to specifications of employment level and wage qualification required of employees employed at the Regionally Significant Industrial site. While changes to wage/employment qualification remove full time equivalency requirements for new hires, applicability of average wage minimum is expanded to all employees at site rather than only new hires. Measure also extends initial period in which project sponsors may enter into agreements with OBDD to December 31, 2029. Extending applicability period is expected to increase the number of project sponsors and/or project sites entering into agreements with OBDD. However, incremental income tax revenue redirected from the General Fund to project sponsor reimbursements is limited to $10 million per year and is proportionately shared to project sponsors should the cap be reached. While the cap has not yet been reached, over $500 million in projected costs are associated with the twelve projects presently qualified. Additional project qualification could impact the amount proportionally shared, though impact on General Fund is unlikely to occur within the near term estimate horizon due to existing annual cap.

SB 1527 (CH 53)

Modifies provisions governing first-time home buyer savings accounts. Allows funds to be withdrawn without penalty from a first-time home buyer savings account if funds are used for a qualified purpose by a designated qualified beneficiary. Defines terms. Eliminates requirement of financial institutions to provide account certificate beginning with 2025 calendar year. Specifies financial institutions are not required to designate accounts as first-time home buyer savings account. Applies to first-time home buyer savings accounts created on or after January 1, 2025.

Revenue Impact (in $Millions):

	Biennium		
	2023-25	**2025-27**	**2027-29**
General Fund	$0	-$1.7	-$0.2

Oregon provides a personal income tax subtraction available to first-time home buyers utilizing a first-time home buyer savings account. Taxpayers may annually subtract from taxable income, cash contributions to a first-time home buyer savings account along with earnings on deposits in the account, up to $5,000 (single filing taxpayers) or $10,000 (joint). First-time home buyer is defined as an Oregon resident who has not owned or purchased a single-family residence within three years of purchasing the single-family residence to which the first-time home buyer's savings account funds were used.

Changes provided in measure regarding first-time home buyer savings accounts are expected to increase the use of such accounts causing a corresponding increase in use of the accompanying tax subtraction. Including qualified beneficiaries allows taxpayers to utilize a first-time home buyer savings account and tax subtraction for amounts contributed for use by the qualifying beneficiary, allowing a greater use of such accounts by individuals that are not themselves first-time home buyers. Lessening administrative requirements of financial institutions relating to first-time home buyer savings accounts is expected to increase the availability of such accounts as their designation is made the responsibility of the individual.

The policy purpose of this measure is to encourage more Oregonians to take advantage of first-time home buyer savings accounts.

SB 1595 (CH 100)

Increases amounts exempt from execution or judgement for a vehicle and/or homestead. Increases amounts exempt from bank garnishment and indexes exemption amount to inflation. Maintains existing law garnishment exemption amounts for garnishments applicable to child support, spousal support, and restitution. Applies to writs of garnishment and writs of execution issued on or after January 1, 2025.

Revenue Impact ($Millions):

	Fiscal Year			Biennium		
	2023-24	2024-25		2023-25	2025-27	2027-29
General Fund	$0	-$2.0		-$2.0	-$8.6	-$9.8

Increasing the exemption for bank garnishments is expected to reduce General Fund collections. Estimate of revenue change from increasing exemption amounts for vehicle and/or homestead are not included as collection efforts using property seizure are infrequently used and data on such collections is limited.

PROPERTY TAX & LOCAL GOVERNMENT FINANCE

HB 4056 (CH 77)

Requires counties establish a process to determine the amount of any surplus proceeds from a property tax foreclosure sale, notify all interested parties of the surplus, determine the right to the surplus and deposit the surplus in an interesting-bearing account until the amount and distribution of the surplus have been determined. Suspends the deeding of property to counties during the period from the effective date of the bill to December 31, 2025. Requires the Department of Revenue to collaborate with counties to determine a detailed, uniform process by which the counties shall comply with the bill and the ruling of the United States Supreme Court in *Tyler v. Hennepin County, Minnesota*, 598 U.S. 631 (2023). Requires the department to submit a report by September 15, 2024, to the Legislative Assembly and the interim committees on revenue that sets forth recommendations for legislation. Takes effect on the 91st day after sine die.

Revenue Impact: None

The measure has no direct impact on property tax revenue for local governments. Any revenue impact depends on future actions of counties, in collaboration with the Department of Revenue, regarding the establishment of a detailed, uniform process to determine the amount of any surplus proceeds from a property tax foreclosure sale and the right to the surplus. Any impacts will be limited to the districts in which there are foreclosed properties deeded to the county. For example, over the last five years, there weren't any foreclosed properties deeded to Hood River, Sherman and Wallowa counties.

HB 4111 (CH 83)

Expands property tax exemption of farm machinery and equipment to real property. Applies to property tax years beginning on or after July 1, 2025. Takes effect on the 91st day after sine die.

Revenue Impact ($Millions):

	Fiscal Year			Biennium		
	2025-26	2026-27		2025-27	2027-29	2029-31
Local Governments	-$3.2	-$3.3		-$6.5	-$6.6	-$6.8

Expanding the property tax exemption of farm machinery and equipment to real property will reduce local government property tax revenue for districts in which such property is located. There are more than 200 farm commodities grown in Oregon and use of real farm machinery and equipment can vary by commodity. For example, the revenue impact of exempting real farm machinery and equipment used in the production of cow milk is approximately -$2M per year. Growth in the real market value of real farm machinery and equipment is one to two percent per year (net of depreciation). Impacts are based on a non-bond tax rate of $9.39 per thousand dollars of assessable value. That tax rate does not include a rate for city taxing districts due to the largely rural nature of farming. The expanded exemption will start impacting local government property tax revenue in the 2025-26 tax year, its first year of applicability.

Policy Purpose

The policy purpose of this measure is to improve the financial viability of Oregon farming.

SB 1517 (CH 49)

Allows the urban flood safety and water quality district to levy an annual charge to fund operations and maintenance in the managed floodplain of the district, based on assessment of costs in the succeeding year. Allows the district to levy a fee to fund certain fixed costs and operation and maintenance costs not funded by the annual charge. Takes effect on the 91st day after sine die.

Revenue Impact: None

The measure has no direct impact on property tax revenue for local governments. The annual charge to fund district operations and maintenance and the flood safety intergovernmental fee are both permissive for the district board. Although the bill has no direct revenue impact, the district will need the fee to generate revenue of approximately $6.5 million per year, increased by at least three percent per year. The fee will be limited to properties in the urban flood safety and water quality district (the portion of Multnomah County within the urban growth boundary). Any charges will be limited to properties in four legacy drainage districts, which are a portion of the urban flood safety and water quality district’s area.

SB 1526 (CH 52)

The measure is an omnibus bill that makes technical and policy changes to income taxation, property taxation and corporate activity taxation. Consequently, the relevant analysis is reported in separate sections of the report. Follow the links in the Bills By Subject Area table to access sections for different tax programs.

Semiconductor-Related Development Activities in E-Commerce City

Expands three- to five-year property tax exemption under the E-Commerce provisions of the Enterprise Zone program to certain property used for semiconductor-related development activities in a designated E-Commerce City. Applies to property tax years beginning on or after July 1, 2025. Takes effect on the 91st day after sine die.

Solar Energy Improvement on Tribal Land

Clarifies that a certain solar energy system, which would otherwise be centrally assessed property, is exempt under the current property tax exemption for permanent improvements on land owned by the United States and held in trust for a federally recognized Indian tribe or member. Applies to the first solar energy system project completed on or after the 91st day after sine die, for property tax years beginning on or after July 1, 2025.

Revenue Impact:

Semiconductor-Related Development Activities in E-Commerce City

Minimal revenue impact.

The City of North Plains, which in 2001 was the only city to be designated as an E-Commerce Zone (SB 229), has not had a qualified business firm since its designation became effective on March 4, 2002. It is unlikely that a firm would locate a multi-billion-dollar semiconductor fabrication facility because of a three- to five-year property tax exemption (and potentially the existing 2-year exemption for Construction in Process in an Enterprise Zone). It can take more than a decade for a semiconductor fabrication facility to become fully operational. The City of North Plains currently does not have enough vacant space to accommodate such a facility. However, there are several ways in which the measure could have a revenue impact on local governments that is more than minimal, beginning in property tax years on or after July 1, 2025:

- The May 2024 Primary Election will include a vote on whether the City of North Plains will expand its urban growth boundary (UGB), more than doubling the size of the city and adding hundreds of acres of industrial lands. HB 4026 (2024) disallows voters from using a referendum to challenge a city's UGB expansion, retroactive to January 1, 2023.
- Semiconductor-related firms may benefit from the exemption. Applicable business activities in E-Commerce Zones include professional services, retail, other operations, and business activities of third parties (OAR 123-662-0100).
- Personal property costing as little as $1,000 can qualify for the E-Commerce Zone property tax exemption. That is lower than the $50,000 threshold in a Standard Enterprise Zone.

Solar Energy Improvement on Tribal Land

Minimal revenue impact.

The measure has no direct impact on property tax revenue for local governments. Any revenue impact depends on future actions of the Confederated Tribes of Warm Springs, such as their successful RFP with a local utility company. Although the policy has no direct revenue impact, it reduces property taxes that would otherwise be imposed on the first solar energy system project completed on or after the 91st day after sine die, for property tax years beginning on or after July 1, 2025. Construction of the 1,500- to 2,000-acre Warm Springs project is expected to take approximately 18 months and be completed by January 1, 2026. The amount of taxes that would otherwise be imposed is approximately $7M in the first tax year after project completion (FY 2027). That assumes the 2023-24 Warm Springs Power Enterprise total tax rate of $14.24 per $1,000 of assessed value, in Jefferson County, would otherwise apply to the project's permanent improvements, consisting of a 250 megawatt (MW) photovoltaic solar and 250 MW battery system. New centrally assessed solar energy systems typically have an assessed value of approximately $2M per MW, where 75 percent of the value is attributable to solar facilities and 25 percent is attributable to battery storage. The taxes that would otherwise be imposed decline in future years, consistent with the depreciating value of the solar energy system.

Policy Purposes

Semiconductor-Related Development Activities in E-Commerce City
The policy purpose of this measure is to incentivize growth, innovation, and high-quality jobs in Oregon's semiconductor-related industries.

Solar Energy Improvement on Tribal Land
The policy purpose of this measure is to recognize that for the 1,500- to 2,000-acre project, consisting of a 250 MW photovoltaic solar and 250 MW battery system, the practice that Tribes largely have discretion over property taxation within Tribal boundaries will continue.

SB 1537 (CH 110)

Creates a partial property tax exemption available to certain affordable housing projects receiving grant money through a program adopted by a city or county. Requires local governments grant an adjustment to development standards, provided at least one of several criteria are met, such as providing one of several property tax exemptions for a portion of residential properties in the application. Allows cities a one-time expansion of urban growth boundaries (UGB) for the purpose of annexing land for residential development. Requires 30 percent of residential units on the annexed land to be subject to affordability restrictions, such as the affordable housing covenant property tax exemption. Takes effect on the 91st day after sine die.

Revenue Impact: None

The measure has no direct impact on property tax revenue for local governments. Any revenue impact depends on a new permissive property tax exemption available to certain affordable housing projects, and permissive adjustments to development standards and one-time expansions of UGBs that may increase usage of existing property tax exemptions for affordable housing.

Affordable Housing Property Tax Exemption
Sections 24-36 create a permissive partial property tax exemption available to certain affordable housing projects receiving grant money through a program adopted by a city or county. Applicability of the exemption begins with the first property tax year after completion of the certain housing project to which the grant relates.

Property for Low Income Rental
Section 38 requires local governments to grant an adjustment to development standards, provided at least one of several criteria are met. One of those criteria is all units in the application are subject to a zero equity, limited equity or shared equity ownership model including resident-owned cooperatives and community land trusts, making them affordable to moderate income households for a period of 90 years. Legislation in 2023 (HB 2080) expanded the property tax exemption for low income rental (ORS 307.515-307.523) to low income persons holding a proprietary lease in a limited equity cooperative. Additionally,

legislation in 2023 (HB 2071) expanded qualification for the affordable housing lender credit to limited equity cooperative housing. Section 38 is operative on January 1, 2025, and sunsets on January 2, 2032.

Affordable Housing Covenant

As described below, several sections of the measure may increase usage of the existing property tax exemption for property burdened by a long-term affordable housing covenant (ORS 307.555), as described in ORS 456.270-456.295. Under that exemption, certain land is exempt from property taxation. For owner-occupied condominium units, 27 percent of the assessed value is exempt from taxation.

Section 38 requires local governments to grant an adjustment to development standards, provided at least one of several criteria are met. Two of those criteria are:

- All units in the application are subject to a long-term affordable housing covenant, making them affordable to moderate income households for at least 30 years.
- At least 20 percent of the units in the application are subject to a long-term affordable housing covenant, making them affordable to low income households for a minimum of 60 years.

Section 55 requires cities electing to make a one-time expansion of UGBs, for purposes of annexing land for residential development, to submit a conceptual plan. The plan must ensure at least 30 percent of residential units on the annexed land are subject to affordability restrictions, such as the long-term affordable housing covenant property tax exemption.

Section 56 allows cities electing to make small additions to their UGB (15 net residential acres or less) to not submit a conceptual plan under section 55 if the city has entered into enforceable and recordable agreements with each landowner to ensure that at least 30 percent of residential units on the annexed land are subject to affordability restrictions, such as the long-term affordable housing covenant. Sections 55-56 sunset on January 2, 2033.

Policy Purpose

The policy purpose of the new, partial property tax exemption is to reduce barriers to affordable housing production.

SB 1545 (CH 94)

Authorizes a county to allow certain owners that rebuilt their homestead on the same lot after it was destroyed by the September 2020 wildfires, to have their rebuilt homestead specially assessed at the destroyed homestead's real market value for the 2020-21 tax year, up to the square footage of the destroyed homestead. Allows retroactivity and overpayment refunds back to the 2021-22 tax year. Specifies that special assessments continue the same terms if the county ends or amends the program. Makes special assessment in addition to any other property tax relief. Takes effect on the 91st day after sine die.

Revenue Impact: None

The measure has no direct impact on property tax revenue for local governments. The special assessment is permissive for the county. Any revenue impacts on local governments depend on future actions of the counties in which certain owners have rebuilt homesteads destroyed by the September 2020 wildfires. The timing and magnitude of any revenue impact depend on several factors including the number of counties that adopt the special assessment, the number of eligible rebuilt homes, local property market conditions, current construction costs and the quantity of rebuilding that has occurred before homesteads enter the special assessment. Part of the revenue impact will be due to refunds of property taxes that were already paid, up to the square footage of the rebuilt homestead, during the retroactive period. Approximately 4,000 homesteads, in eight counties, were destroyed by the 2020 wildfires. Many of the destroyed homesteads that may be eligible are in Marion County and Linn County. Approximately 75 percent of those destroyed homesteads have permits to rebuild, 90 percent of which have completed construction. The real market value of rebuilt homesteads of the same square footage may be significantly higher than before the wildfires due to inflation in construction costs and quality improvements.

Policy Purpose

The policy purpose of this measure is to provide property tax relief to certain owners that had their homesteads destroyed by the September 2020 wildfires and have rebuilt the homestead on the same lot.

MEDICAL PROVIDER TAX

HB 4033 (CH 74)

Extends the long term care assessment for six years from July 1, 2026, to June 30, 2032.

Revenue Impact ($Millions):

	Biennium	
	2025-27	**2027-29**
Long Term Care Facility Quality Assurance Fund	$81.2	$172.7

Data Source: Oregon Department of Human Services

Under current law, the Long Term Care (LTC) facility assessment sunsets at the end of the 2025-26 fiscal year (FY). As of now, FY 2025-26 LTC facility (i.e., nursing facility) assessments are estimated to be $78.0 million. This bill allows the Oregon Department of Human Services to continue to collect assessment on LTC facilities for six more years. Based on current trends, changes in the bill would mean an estimated $81.2 million will be collected in FY 2026-27. For the 2027-29 biennium, the assessments are expected to be $172.7 million. LTC facility assessments will fetch matching federal funds.

UNEMPLOYMENT INSURANCE TAX

HB 4035 (CH 76)

Increases the Supplemental Employment Department Administration Fund allocation out of unemployment insurance tax revenues. 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	-$7.8	-$9.2	-$17.0	-$27.5	-$30.6

Data Source: Oregon Employment Department

This measure has no impact on the unemployment insurance (UI) tax rate for any UI tax paying employer. It simply increases the Supplemental Employment Department Administration Fund (SEDAF) allocation out of UI tax revenues. With the change, the SEDAF adds more money to the pool of revenues that are being used to run the state UI program.

The diversion of UI tax revenues from the UI trust fund to the SEDAF will lower UI trust fund balance. The Oregon Employment Department (OED) expects that the UI trust fund balance will be $17.0 million less in the 2023-25 biennium and $27.5 million less in the 2025-27 biennium. The impact includes loss of interest income that would have been earned if not for the diversion.

Given the trust fund balance of $5.8 billion as of January 2024, the slight loss in the fund balance will not lead to any change in UI tax schedules.

BONDING AND DEBT FINANCE

HB 5201 (CH 104)

This is the main bonding authorization amendment bill, which modifies the recipient of revenues from a previously approved lottery bond for the 23-25 biennium.

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 biennium.

HB 5201 (2024) Bond Bill
Bond Issuance Amounts and Debt Service Estimates

Article	Additional Bond Issuance Approved for 2023-25	HB 5201 (2024)	Cost of Issuance	Debt Service 2023-25	Debt Service 2025-27	Debt Service 2027-29
	GENERAL OBLIGATION BONDS					
	General Fund Obligations					
XI-Q	Department of Administrative Services	$42.24	($0.15)	$0.40	($8.67)	($8.75)
	Subtotal General Fund Supported GO Bonds	**$42.24**	($0.15)	$0.40	($8.67)	($8.75)
	Dedicated Fund Obligations					
XI-F(1)	Higher Education Coordinating Comm. - PU	$2.02	$0.00	$0.00	($0.24)	($0.24)
XI-Q	Department of Administrative Services	$3.18	($0.02)	($0.40)	($1.36)	($1.37)
	Subtotal Other Fund Supported GO Bonds	**$5.20**	($0.02)	($0.40)	($1.60)	($1.61)
	Total All General Obligation Bonds	**$47.43**	**($0.16)**	**$0.00**	**($10.27)**	**($10.36)**
	REVENUE BONDS					
	Direct Revenue Bonds		**Reseves & Issuance**			
	DAS Lottery Revenue Bonds	$27.23	($2.71)	$0.00	($6.20)	($6.26)
	Total Direct Revenue Bonds	**$27.23**	**($2.71)**	**$0.00**	**($6.20)**	**($6.26)**

The table above represents the change to the Bond Authorization of the 2023-25 biennium. Bond proceeds are considered positive revenue realized into the state system. While Issuance costs, debt service reserves, and debt service payments are reductions in revenue. After issuing these bonds, the state's remaining debt capacity for the 23-25 biennium is about $20 million. More information and detail about the projects intended to be financed by these bonds are referenced in the budget report for HB 5201 and HB 5202.

Lottery revenue bond authority was reduced by $10 million from the 23 session to reflect the repeal of two projects that will now be financed through a General Fund appropriation in SB 5701. New payments for the newly authorized bonds in this bill do not start until the 25-27 biennium.

COURT FEES

HB 1541 (CH 57)

Creates new circuit court judge positions in certain judicial districts.

Revenue Impact: Indeterminant

The additional judges are likely to have impacts on fees that are not practical to estimate. These impacts include:

- An increase in the general processing of court cases with the potential for offsetting revenue impacts.
- A reduction in the backlog in court cases could result in an increase in court fees collected.
- Similarly, the possibility also exists for lower fees and a net reduction in revenues to the Criminal Fines Account.

Creates, Extends, or Expands Tax Expenditure: No

OLCC/MARIJUANA

HB 4121 (CH 16)

Establishes enforcement and a per capita requirement for the issuance of marijuana licenses. Directs the commission to establish uniform standards for minor decoy operations to investigate sales of adult use cannabis items to minors. Directs the commission to adopt rules to issue a temporary permit to a qualified individual to perform work for or on behalf of a marijuana licensee or laboratory.

Revenue Impact: Indeterminant

The sections of the measure that deal with the commercial marijuana enforcement are likely to extend more control and regulation onto the commercial marijuana market and sales. These regulations are likely to restrict market entry and participation by producer and retailer businesses. However, given the oversupply and low prices in the market today, these restrictions might be able to reduce supply and firm up the price, which in turn, would result in higher revenue (tax is 17% of the sale price). On the other hand, if the supply is further restricted or distrusted due to other factors, the outcome becomes less predictable.

It is also important to note that the measure authorizes OLCC to charge a registration fee to recoup the administrative costs of the program. However, the number of potential fee payers, and the necessary fee amounts needed to cover the program costs are not yet determined. Until the number of payers and the level of fee are clear, OLCC will need to utilize existing recreational marijuana revenues to fund the program's operational expenses. How long the OLCC will need to rely on recreational marijuana revenues to cover regulation costs is not clear. This utilization of marijuana revenue to pay for administrative costs will reduce the net amount available for distribution through the statutory formula.

Creates, Extends, or Expands Tax Expenditure: No

STATE FINANCE

SB 1501 (CH 107)

This is the bill referred to as the program change bill for the 2024 session and contains fund adjustments.

Revenue Impact ($Millions):

	Biennium
	2023-25
General Fund	-$40

Creates, Extends, or Expands Tax Expenditure: No

SB 1562 (CH 98)

Increases the limitation on transfers from the General Fund to the Rainy Day Fund from 7.5 percent to 12.5 percent of revenue received in the prior biennium.

Revenue Impact:

Based on the March 2024 Economic and Revenue Forecast, there is no impact in the current biennium or in the subsequent two biennia. However, if there are no changes to the revenue forecast then $385.8 million will be deposited into the Rainy Day Fund from the General Fund during the 2029-31 biennium.

Creates, Extends, or Expands Tax Expenditure: No

MISCELLANEOUS

SB 1526 (CH 52)

Jurisdiction and Appeals Process Specifications for local income taxes

Clarifies processes for Tax Court jurisdiction changes by 2023 HB 2576. Clarifies Tax Court jurisdiction, and appeals processes for local income taxes. Combines appeals process for income taxes and taxes reported on income tax returns even if not measured by income. Specifies that Tax Court and Circuit Courts have concurrent jurisdiction for other local tax laws.

Administration of Non-Corporate "Kicker"
When applicable, Oregon law requires the Office of Economic Analysis (OEA) to notify the Department of Revenue (DOR) that a kicker has been triggered by October 1 of the odd year; then DOR must notify the public by October 15th. This language moves the deadlines to November 1st and 15th, respectively.

Makes Office of Economic Analysis responsible for CAT transfer to SSF
Officially make DAS Office of Economic Analysis responsible for determining amount of CAT revenue to transfer to State School Fund. Currently statutes state LFO and LRO make the determination, although the amount is updated with OEA's quarterly forecast.

Revenue Impact: None

SB 1595 (CH 100)

Increases amounts exempt from execution or judgement for a vehicle and/or homestead. Increases amount of disposable earnings exempt from garnishment. Specifies earnings garnishment exemption amounts for wages payable beginning on or after January 1, 2025. Beginning July 1, 2027, specifies wage garnishment exemption as amount equal to a specified portion of Oregon's standard minimum wage. Increases amounts exempt from bank garnishment and indexes exemption amount to inflation. Maintains existing law garnishment exemption amounts for garnishments applicable to child support, spousal support, and restitution. Applies to writs of garnishment and writs of execution issued on or after January 1, 2025, and to notices of wage garnishment that are in effect on or after January 1, 2025.

Revenue Impact ($Millions):

	Fiscal Year			Biennium		
	2023-24	2024-25		2023-25	2025-27	2027-29
Other Agency Accounts	$0	-$1.0		-$1.0	-$4.8	-$6.5
UI Trust Fund Balance	$0	-$1.0		-$1.0	-$4.4	-$5.0
Paid Leave OR Trust Fund	$0	-$0.8		-$0.8	-$2.8	-$3.0

Increasing Oregon's wage garnishment exemption amounts is expected to reduce collections for the Unemployment Insurance (UI) Trust Fund, Paid Leave Oregon Trust Fund, and Department of Revenue's (DOR) Other Agency Accounts (OAA, outstanding debt amounts collected by DOR on behalf of other Oregon agencies). Increasing the exemption for bank garnishments is expected to reduce OAA collections. Estimate of revenue change from increasing exemption amounts for vehicle and/or homestead are not included as collection efforts using property seizure are infrequently used and data on such collections is limited. Impact on UI Trust Fund is not expected to change unemployment insurance tax rate in the foreseeable future for any UI tax paying employer, nor impact Department of Employment's ability to fund UI benefits.

SB 4031 (CH 28)

Extends to local government agencies the same confidentiality requirements placed on the Department of Revenue with respect to tax information received by the agency. Includes local government agencies that collect, administer, or manage a local tax imposed upon or measured by gross receipts, gross or net income, wages or net earnings from self-employment, local general sales and use taxes or marijuana taxes. Declares an emergency, effective on passage.

Revenue Impact: None

SB 4034 (CH 75)

Updates connection date to federal Internal Revenue Code and other provisions of federal law. Updates provisions by one year to December 31, 2023 or January 1, 2024. Removes purported connection to future amendments of federal Internal Revenue Code referenced in 305.842.

Revenue Impact: None