

The measure establishes a new gross receipts tax as the minimum tax for certain corporations. According to the Legislative Revenue Office, indirect economic costs of the measure include a 1.3 percent increase in prices of goods and services and reductions in jobs, wages and personal incomes. Corporate tax revenues are estimated to increase by \$1.3 billion in 2023-25, \$14.7 billion in 2025-27, and \$15.6 billion in 2027-29.

New revenue raised will be used to issue annual rebates to eligible individuals in Oregon. An estimated \$13.6 billion will be required for rebate distributions in 2025-2027 and an estimated \$17.1 billion will be required in 2027-29. Administrative costs and any additional payments will be deducted from the amount to be distributed.

Known administrative costs are estimated to be \$1.6 million General Fund and 22 positions in the 2023-25 biennium and \$48.2 million General Fund and 199 positions in the 2025-27 biennium at the Oregon Department of Revenue. The measure will generate a significant workload increase processing applications for the rebate, verifying the identity and eligibility of those applying for the rebates, reviewing payments and tax refunds for fraudulent activity, handling appeals, increasing customer inquiries, increasing audit and collections activity for the new tax, and increasing technology programming. Other major expenses are unknown but could be significant for expenses such as payments for rebate checks, prepaid debit cards, mailings associated with the program, legal fees, and public information costs.

Individuals who lose federal benefits because of the rebate will be held harmless with additional payments. The costs associated with this provision are unknown.

Rebates that are declined by eligible individuals will be available to fund services for senior citizens, health care, and public early childhood education through high school. The impact from these declined rebates is unknown.

Following the initial phase-in, total biennial costs of the rebate program are expected to exceed the new biennial revenue. Estimated indirect impacts on personal income tax revenue are reductions of \$12 million in 2023-25, \$199 million in 2025-27, and \$207 million in 2027-29.

Lastly, changes to the economy are projected to reduce state revenue by roughly \$11 million in 2023-25, \$150 million in 2025-27 and \$400 million in 2027-29.

The corporate kicker will increase by an estimated \$1.3 billion in 2025-27, and transfers to the Rainy Day Fund from the General Fund will be reduced.

Impact to local governments is unknown