

REVENUE IMPACT OF PROPOSED LEGISLATION

74th Oregon Legislative Assembly

2007 Regular Session

Legislative Revenue Office

Bill Number:	HB 2007-A
Revenue Area:	Income
Economist:	Chris Allanach
Date:	4-10-2007

Measure Description:

Creates contractual relationship of domestic partnership, giving same-sex couples who enter into a domestic partnership contract rights and responsibilities comparable to those of marriage contracts. Establishes eligibility, procedure, and fee of \$25 for completing and filing declarations of domestic partnership with county clerk. Provides Circuit Court of Oregon as jurisdiction for Oregon domestic partnership legal proceedings, even if one or both partners cease to be Oregon residents.

Revenue Impact:

This bill could have a slightly positive or slightly negative revenue impact depending on the circumstances of the affected taxpayers. The bill would allow domestic partners to file joint tax returns for Oregon. Generally, the difference in tax liability between the two taxpayers each filing a "single" return compared to a "joint" return is the revenue impact. Depending on their financial circumstances, this difference can be either positive or negative. For example, the two taxpayers may have very different income levels but each taxpayer has some income taxed at the 5% and 7% rates. Combining the income under a "joint" return could result in relatively more of their combined income being taxed at 9%, resulting in a higher tax liability. Another way for tax liability to increase is through the federal tax subtraction. Filing as "single" allows each taxpayer to subtract up to \$5,000 of federal tax liability; filing a "joint" return limits the deduction to \$5,000 combined. The lower subtraction limit could result in a higher tax liability. Conversely, if one of the taxpayers has unused losses or deductions because of insufficient income, then filing a "joint" return allows those losses or deductions to offset some of the income of the other taxpayer, thereby possibly reducing their tax liability. Also, it is possible that there is not a significant difference in tax liability between filing two "single" returns or one "joint" return. If the two individuals have roughly the same income and both use the standard deduction, then changing to a joint filing status may have a negligible effect on their combined tax liability.

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