

# REVENUE IMPACT OF PROPOSED LEGISLATION

74th Oregon Legislative Assembly  
2007 Regular Session  
Legislative Revenue Office

<b>Bill Number:</b>	HB 2235
<b>Revenue Area:</b>	Income
<b>Economist:</b>	Chris Allanach
<b>Date:</b>	2-14-2007

## Measure Description:

Changes Oregon's date reference for statute pertaining to the definitions of S corporations. Changes date reference of the definition of "Internal Revenue Code" to the federal Internal Revenue Code as amended and in effect on December 31, 2006. Lists the federal legislation that is affected by this Act. Provides a mechanism for a taxpayer to have interest or penalties canceled for tax deficiencies that are attributable to the federal law connection changes in this Act. Specifies that if a refund is due a taxpayer for a tax year beginning before January 1, 2007 due to any retroactive treatment from these federal tax law connection changes then the refund will not be paid with interest. Clarifies that taxpayers must file an amended return for changes in Oregon's law due to these federal tax law changes for tax years before January 1, 2007. Allows the Department of Revenue to make changes to tax returns that do not file amended returns. Takes effect 90 days after the end of the legislative session.

## Revenue Impact:

	2007-08	2008-09	2007-09 Biennium	2009-11 Biennium
State General Fund	Minimal	Minimal	Minimal	Minimal

## Impact Explanation:

Due to Oregon's permanent tie to the federal definition of taxable income, many changes at the federal level automatically flow through to Oregon. However, a few of the updates could have a slightly negative revenue impact. For example, one provision would allow combat pay to be treated as earned income when calculating the earned income credit, thereby increasing the credit. The revenue impact is indeterminate, but would be a small revenue loss.

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