

REVENUE IMPACT OF PROPOSED LEGISLATION

74th Oregon Legislative Assembly
2007 Regular Session
Legislative Revenue Office

Bill Number:	HB 2235-A
Revenue Area:	Income
Economist:	Chris Allanach
Date:	5-25-2007

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. Changes the inflation index from the second quarter of the current calendar year to the 12 months ending August 31 of the prior calendar year. Includes a conflict amendment relating to SB 83. Takes effect 90 days after the end of the legislative session.

Revenue Impact:

(\$ Millions)	2007-08	2008-09	2007-09 Biennium	2009-11 Biennium
State General Fund	\$5.2	\$2.9	\$8.1	\$5.9

Impact Explanation:

The bill changes the inflation adjustment period from the second quarter of the current year to the twelve-month period ending August 31 of the prior year. This aligns the inflation adjustments with other aspects of the personal income tax, such as the tax brackets and personal exemption credit. The change results in lower standard deductions than those expected under current law.

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