

# REVENUE IMPACT OF PROPOSED LEGISLATION

74th Oregon Legislative Assembly  
2007 Regular Session  
Legislative Revenue Office

<b>Bill Number:</b>	HB 2592-B
<b>Revenue Area:</b>	Income
<b>Economist:</b>	Chris Allanach
<b>Date:</b>	6-23-2007

## Measure Description:

Defines "authorized agent". Requires authorized agent to withhold on certain real estate transactions if the transferor is either a nonresident (if an individual) or is not doing business in Oregon (if a C corporation). The amount withheld is the least of: (a) 4% of the value of the property, (b) 4% of the net proceeds, or (c) 10% of the gain includible in taxable income. Requires the authorized agent to remit amount withheld to the Department of Revenue. Identifies condition for when the authorized agent is not required to withhold. Requires the Department of Revenue to provide collection, enforcement, administration, and distribution services for local governments that impose a tax on income as defined in ORS 316, 317, or 318, if requested.

## Revenue Impact:

(\$ Millions)	2007-08	2008-09	2007-09 Biennium	2009-11 Biennium
State General Fund	\$2.3	\$2.5	\$4.9	\$5.7

## Impact Explanation:

The revenue impact estimate is due to the provision that requires withholding on the sale of property by nonresidents. The estimates are based on the experience and estimates of other states that are either considering or currently do withhold income taxes from the gain on real property sold by nonresidents, adjusted for Oregon characteristics. The analysis focused primarily on three states – Montana, Maryland, and California – due to the availability of data. The expectation is that the withholding will primarily serve as compliance tool that will help improve compliance. The withholding will also accelerate some collections from the tax return filing deadline to the date of the transaction.

State Capitol Building  
900 Court St NE, Room H-197  
Salem, OR 97301-1347

Phone: 503-986-1266  
Fax: 503-986-1770  
<http://www.leg.state.or.us>