

House Bill 3268

Sponsored by Representative BRUUN; Representatives GARRARD, HANNA, OLSON, SPRENGER, WINGARD

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Reduces amount of long-term capital gain subject to capital gains tax by removing gain attributable to inflation.

Applies to tax years beginning on or after January 1, 2010.

A BILL FOR AN ACT

1
2 Relating to capital gains taxes.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. Section 2 of this 2009 Act is added to and made a part of ORS chapter 316.**

5 **SECTION 2. (1) A taxpayer shall be allowed an inflation subtraction from capital gains**
6 **of the taxpayer that are taken into account in Oregon taxable income. The inflation sub-**
7 **traction shall be determined as follows:**

8 (a) **Multiply the adjusted basis of the capital asset, the sale or transfer of which created**
9 **the gain, by the appropriate inflation factor determined as prescribed in subsection (2) of this**
10 **section; and**

11 (b) **Subtract the adjusted basis of the capital asset from the product determined under**
12 **paragraph (a) of this subsection.**

13 (2)(a) **The Department of Revenue shall by rule identify an inflation factor that is based**
14 **on the holding period of capital assets. The department shall develop inflation factors for**
15 **holding periods that range from two years to 50 years. For each holding period, the inflation**
16 **factor shall be computed as follows:**

17 (A) **The numerator shall be the annual consumer price index for the most recent calen-**
18 **dar year; and**

19 (B) **The denominator shall be the annual consumer price index for the first year of the**
20 **holding period.**

21 (b) **The inflation factor shall be computed to four decimal places.**

22 (c) **The department shall publish the inflation factors in the income tax instructions each**
23 **year and shall revise inflation factors annually.**

24 (3) **As used in this section:**

25 (a) **"Capital asset" means an asset, the sale or transfer of which produces capital gains**
26 **or losses and that is held by the taxpayer for at least two years.**

27 (b) **"Consumer price index" means the U.S. City Average Consumer Price Index for All**
28 **Urban Consumers (All Items) as published by the Bureau of Labor Statistics of the United**
29 **States Department of Labor.**

30 **SECTION 3. Section 2 of this 2009 Act applies to tax years beginning on or after January**
31 **1, 2010.**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

