

**75TH OREGON LEGISLATIVE ASSEMBLY 2010 Special Session
STAFF MEASURE SUMMARY
SENATE FINANCE AND REVENUE COMMITTEE**

**MEASURE: SB 1016 A
CARRIER: Sen. Hass**

REVENUE: Revenue Impact Issued

FISCAL: Minimal Fiscal Impact

Action: Do Pass with Amendments, and be Printed A Engrossed

Vote: 3-0-2

Yeas: Hass, Morse, Burdick

Nays: 0

Exc.: Rosenbaum, Telfer

Prepared By: Chris Allanach, Economist

Meeting Dates: 2/10; 2/17

WHAT THE BILL DOES: Updates Oregon's date of connection to certain federal laws from May 1, 2009 to December 31, 2009 and including certain 2010 donations made to Haiti. Updates statutes pertaining to the tax qualification status of the Public Employees Retirement System plans and to unemployment insurance. Includes income tax provisions pertaining to the definition of charitable organizations, federal Adjusted Gross Income (for the purposes of Oregon's Elderly Rental Assistance and Senior Deferral programs), rules for S-corporation representation before magistrate, the Department of Revenue, and the Oregon Tax Court. 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, 2011 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, 2010. Allows the Department of Revenue to make changes to tax returns that do not file amended returns.

ISSUES DISCUSSED:

- Consistency with federal law
- Recent federal legislation pertaining to donations made in 2010 to Haiti

EFFECT OF COMMITTEE AMENDMENTS: Includes Public Law 111-126 (charitable donations for Haiti) in the federal connection.

BACKGROUND: Oregon had a rolling reconnect to the definition of taxable income for tax years 1997 to 2002. It was temporarily suspended by the 2003 Legislature for tax years 2003 to 2005. The rolling reconnect was re-established for tax years 2006 to 2008. The passage of HB 2157 during the 2009 session fixed Oregon's connection date to December 31, 2008. Later in the 2009 session, HB 2078 was enacted and moved the connection date to May 1, 2009 but did not connect to three provisions – bonus depreciation, Section 179 expensing, and discharge of indebtedness. HB 2078 also re-establishes the rolling reconnect as of January 1, 2011.

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