

76TH OREGON LEGISLATIVE ASSEMBLY 2011 Regular Session  
PRELIMINARY STAFF MEASURE SUMMARY  
HOUSE REVENUE COMMITTEE

MEASURE: HB 3454 -2  
CARRIER:

**REVENUE:** May have revenue impact, statement not yet issued  
**FISCAL:** May have revenue impact, statement not yet issued

**Action:**

**Vote:**

Yeas:

Nays:

Exc.:

**Prepared By:** Chris Allanach, Economist

**Meeting Dates:** 4/1; 5/23

MEASURE: HB 3454  
EXHIBIT: A  
HOUSE REVENUE COMMITTEE  
DATE: 5/23/2011 PAGES: 1  
SUBMITTED BY: CHRIS ALLANACH

**WHAT THE BILL DOES:** Disallows a subtraction from federal taxable income for amounts included in determining an Oregon net operating loss. Applies to tax years beginning on or after January 1, 2009.

**ISSUES DISCUSSED:**

**EFFECT OF COMMITTEE AMENDMENTS:** Replaces bill.

**BACKGROUND:** The interaction of Oregon laws regarding net operating losses and the disconnect from federal law regarding certain deductions (e.g. bonus depreciation) may result in some taxpayers claiming a deduction twice. Oregon net operating loss, for personal income tax filers, is defined by statute to be federal net operating loss. When determining federal net operating loss, taxpayers may have claimed the bonus depreciation deduction. Because Oregon net operating loss is equal to federal net operating loss, the taxpayer implicitly claims the same deduction for Oregon taxes. However, the federal disconnect required an addition to income for the amount of bonus depreciation in the year the property was placed in service and subtractions in subsequent years. Because taxpayers who had a net operating loss in the initial year of the bonus depreciation essentially benefitted from the full deduction, the subtraction in subsequent tax years constitutes a second deduction for that expense.

State Capitol Building  
900 Court St NE, Room 143  
Salem, OR 97301-1347

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