

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
**Seventy-Sixth Oregon Legislative
Assembly**
2011 Regular Session
Legislative Revenue Office

Bill Number: SB 301 - 2
Revenue Area: Income Taxes
Economist: Chris Allanach
Date: 2/14/2011

Measure Description: Updates Oregon’s date of connection to certain federal laws from December 31, 2009 to December 31, 2010. Maintains a December 31, 2009 connection date for bonus depreciation and Section 179 expensing. 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, 2011. Allows the Department of Revenue to make changes to tax returns that do not file amended returns.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2009-10	2010-11	2009-11	2011-2013	2013-2015
General Fund Total	\$0	-\$15.4	-\$15.4	-\$1.5	\$0

Impact Explanation:

The revenue loss is the result of tying to various provisions of federal law enacted during 2010 that extend a variety of tax expenditures. The provision with the largest revenue loss in the 2009-11 biennium – roughly \$10 million – is the deduction for qualified higher education expenses paid by the taxpayer in 2010. Examples of other provisions to which this bill ties are the deduction for teacher classroom expenses, the exclusion from income for the value of including young adults up to age 26 on a parent’s health insurance, and certain enhancements to the earned income tax credit.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this measure is to generally maintain Oregon’s tie to federal law for income tax purposes.