

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

Bill Number: HB 3454 - A
Revenue Area: Income Taxes
Economist: Chris Allanach
Date: 5/30/2011

Measure Description: 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. Provides that taxpayers may comply with the policy by either filing an appropriate amended return or adding the proper amount to income on the taxpayer's 2011 tax return.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2011-12	2012-13	2011-13	2013-2015	2015-2017
General Fund	\$0.5	\$0.3	\$0.8	\$0.5	\$0.4

Impact Explanation: The estimate is based on matched 2009 and 2010 personal income tax returns to identify taxpayers who claimed a deduction and had a net operating loss in 2009. The sample consisted of 2009 tax returns with a net operating loss matched with 2010 returns (filed to date) that included a subtraction for a difference in depreciation between Oregon and federal law. The analysis resulted in an estimated revenue gain of roughly \$300,000 if the subtraction were disallowed in 2010. Because a corresponding subtraction is allowed for the life of the property, there is a continued revenue gain that is assumed to decrease in magnitude each year. This decline is based on accelerated depreciation schedules. Also, Oregon had a similar disconnect from federal law for 2010; these estimates include that impact as well.

Creates, Extends, or Expands Tax Expenditure: Yes No