

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

**MINORITY REPORT
MEASURE: SB 301 B
CARRIER: Rep. Berger
Rep. Bentz**

**REVENUE: Revenue Impact Issued
FISCAL: No Fiscal Impact**

Action: Do Pass as Amended and be printed B-Engrossed
Signers of Report Rep. Berger and Rep. Bentz
Prepared By: Chris Allanach, Economist
Meeting Dates: 2/24; 3/3

WHAT THE BILL DOES: Reconnects to the federal provisions for bonus depreciation and expanded Section 179 expensing for tax years beginning on or after January 1, 2011; and clarifies disconnect language for certain provisions for tax years 2009 and 2010. Also 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 depreciation and Section 179 expensing; does not adopt the bonus depreciation and higher Section 179 expensing for tax year 2010. 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. Specifies that interest and penalties will not be assessed for tax deficiencies 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 be paid without interest. Requires taxpayers to file an amended return for changes in Oregon's law due to these federal tax law changes for tax years beginning before January 1, 2011; requires the Department of Revenue to make changes to tax returns for taxpayers who do not file amended returns. Extends the estate tax filing deadline to September 17, 2011 for decedents who died between January 1, 2010 and December 17, 2010, if a federal estate tax return is required. Makes no changes regarding due dates for payment of tax, penalties, or interest.

ISSUES DISCUSSED:

- Revenue impact on General Fund and implications for the budget
- Comparison to a full reconnect and the impact on the business community
- Opportunity to address the revenue loss in the Joint Committee on Tax Credits
- Urgency for taxpayers filing their 2010 tax returns
- Impact of bonus depreciation and Section 179 expensing on the economy
- Credibility of the legislative process

EFFECT OF COMMITTEE AMENDMENTS: Reconnects to certain federal provisions for tax years 2011 and 2012. Also removes language that conflicts with current law and adds a filing extension for estate tax returns.

BACKGROUND: Oregon had a continuing connection ("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. In 2009, the Assembly ended the rolling reconnect for tax years 2009 and 2010, selectively disconnecting from certain provisions. The rolling reconnect is currently in place beginning with tax year 2011.

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