

**DRAFT  
76TH OREGON LEGISLATIVE ASSEMBLY  
2012 Regular Session  
STAFF MEASURE SUMMARY  
HOUSE REVENUE COMMITTEE**

**MEASURE: HB 4037  
CARRIER:**

**REVENUE:  
FISCAL:**

**Action:  
Vote:**

**Yeas:  
Nays:  
Exc.:**

**Prepared By:** Chris Allanach, Economist  
**Meeting Dates:** 2/3/12

**WHAT THE BILL DOES:** Updates Oregon's date of connection to certain federal laws from December 31, 2010 to December 31, 2011. 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), 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, 2012 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, 2012; requires the Department of Revenue to make changes to tax returns for taxpayers who do not file amended returns.

**ISSUES DISCUSSED:**

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**EFFECT OF COMMITTEE AMENDMENTS:**

**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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**DRAFT**  
**REVENUE IMPACT OF**  
**PROPOSED LEGISLATION**  
76<sup>th</sup> Oregon Legislative Assembly  
2012 Regular Session  
Legislative Revenue Office

<b>Bill Number:</b>	HB 4037
<b>Revenue Area:</b>	Income Taxes
<b>Economist:</b>	Chris Allanach
<b>Date:</b>	2/3/12

**Measure Description:** Updates Oregon's date of connection to certain federal laws from December 31, 2010 to December 31, 2011. In addition to connecting to general provisions in statute, the updates include provisions pertaining to the definition of charitable organizations, federal Adjusted Gross Income (for the purposes of Oregon's Elderly Rental Assistance), rules for S-corporation representation before magistrate, the Department of Revenue, and the Oregon Tax Court.

**Revenue Impact:** A minimal revenue gain or loss of less than \$50,000 per biennium.

**Impact Explanation:** There was little federal legislation passed in 2010 that would lead to a revenue impact at the state level. One of the more significant federal policies was the two percentage point reduction in payroll taxes, but that does not have a direct impact on Oregon income taxes.

**Creates, Extends, or Expands Tax Expenditure:**      Yes  No