

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
76th Oregon Legislative Assembly
2012 Regular Session
Legislative Revenue Office

Bill Number: SB 1531 A
Revenue Area: Income Taxes
Economist: Chris Allanach
Date: 2/8/12

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. Includes provisions related to the Oregon 529 College Savings Network. Clarifies that, for agricultural and horticultural cooperatives, Oregon's disconnect from federal IRC Section 199 deductions (domestic production activities) should not affect the calculation of patronage dividends.

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

Impact Explanation: There was little federal legislation passed in 2011 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. The inclusion of the language pertaining to cooperatives does not result in a revenue impact because it is a clarification of existing law. With the passage of this bill, the affected cooperatives would continue filing their tax returns as they have since the state disconnected from IRC Section 199 in 2005.

Creates, Extends, or Expands Tax Expenditure: Yes No