

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

**MEASURE: SB 1531 A
CARRIER: Rep. Berger**

**REVENUE: Revenue Impact Issued
FISCAL: Minimal Fiscal Impact, no statement issued**

Action: Do Pass
Vote: 8-0-0
Yeas: Bailey, Bentz, Brewer, Geser, Read, Wand, Barnhart, Berger
Nays: 0
Exc.: 0

Prepared By: Chris Allanach, Economist
Meeting Dates: 2/3, 2/8

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. Adds the connection date to the statutes pertaining 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.

ISSUES DISCUSSED:

- Federal action on tax law during 2011
- The impact of the 2005 disconnect from the domestic production activities deduction

EFFECT OF COMMITTEE AMENDMENTS: Adds the Internal Revenue Code connection date to the statutes pertaining 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.

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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