

**77TH OREGON LEGISLATIVE ASSEMBLY
2013 REGULAR SESSION
STAFF MEASURE SUMMARY
HOUSE REVENUE COMMITTEE**

**MEASURE: HB 2492 A
CARRIER: Rep. Barnhart**

**REVENUE: Revenue Impact Statement Issued
FISCAL: Minimal Fiscal Impact**

Action: Do Pass as Amended and be Printed Engrossed

Vote: 9-0-0

Yeas: Bailey, Bentz, Berger, Conger, Davis, Gelsner, Read, Vega Pederson, Barnhart

Nays: 0

Exc.: 0

Prepared By: Chris Allanach, Economist

Meeting Dates: 2/13; 5/8

WHAT THE BILL DOES: Generally updates Oregon's date of connection to certain federal laws from December 31, 2011 to January 3, 2013. The exception is that for purposes of the earned income tax credit, the connection date remains December 31, 2011. Updates statutes pertaining to the tax qualification status of the Public Employees Retirement System plans, to unemployment insurance, and to the Oregon 529 College Savings Network. 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, 2013 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, 2013; requires the Department of Revenue to make changes to tax returns for taxpayers who do not file amended returns.

ISSUES DISCUSSED:

- How Oregon is tied to federal law
- Annual updates to the connection
- Federal actions
- Impact of Oregon sunset on the earned income credit and federal modifications

EFFECT OF COMMITTEE AMENDMENTS: Replaces bill

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. The date of January 3, 2013 has been chosen so as to include the impact of the American Taxpayer Relief Act of 2012, which was signed into law on January 2, 2013.

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