

PRELIMINARY

77TH OREGON LEGISLATIVE ASSEMBLY
2014 REGULAR SESSION
STAFF MEASURE SUMMARY
SENATE FINANCE AND REVENUE COMMITTEE

MEASURE: SB 1534
CARRIER:

REVENUE:
FISCAL:

Action:

Vote:

Yeas:

Nays:

Exc.:

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Meeting Dates: 2/5; 2/12

WHAT THE BILL DOES: Makes a number of technical clarifications to existing statute. Clarifies an Internal Revenue Code reference and the calculation of the phase-out for the medical subtraction. Clarifies the applicability of the 2.5 percent tax on IC-DISCs to those formed prior to January 1, 2014. Clarifies that certain cigarette tax revenue is directed to the General Fund. Aligns the meaning of "material participation" to federal law. Limits the authority of the Department of Revenue to waive penalty and interest in certain cases to tax year 2013.

ISSUES DISCUSSED:

- Description of provisions
- Tax exemption reciprocity agreement with Washington
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EFFECT OF COMMITTEE AMENDMENTS:

-1: Reinstates language pertaining to reciprocal state tax exemptions

-4: Aligns the IC-DISC provisions for the 2.5 percent tax, the deduction, and the subtraction; directly ties the definition of "material participation" to the IRC; clarifies the applicability of the preferential tax rates for non-passive income to Oregon sourced income; makes the use of the non-passive income tax rates an 'opt-in' choice for taxpayers.

-5: Reinstates the handicapped child and severe disability tax credits beginning with tax year 2013

-6: Aligns the IC-DISC provisions for the 2.5 percent tax, the deduction, and the subtraction; directly ties the definition of "material participation" to the IRC; makes the use of the non-passive income tax rates an 'opt-in' choice for taxpayers.

BACKGROUND: The intent of this bill is to make technical corrections for legislation passed in prior regular and special sessions.

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