

77TH OREGON LEGISLATIVE ASSEMBLY
2014 REGULAR SESSION
STAFF MEASURE SUMMARY
HOUSE REVENUE COMMITTEE

MEASURE: SB 1534 C
CARRIER: Rep. Barnhart

REVENUE: Revenue Impact Statement Issued
FISCAL: Minimal Fiscal Impact

Action: Do Pass as Amended and be Printed Engrossed
Vote: 5-0-4
Yeas: Bentz, Davis, Gelser, Read, Barnhart
Nays: 0
Exc.: Bailey, Berger, Conger, Vega Pederson

Prepared By: Chris Allanach, Economist
Meeting Dates: 2/25; 3/5

WHAT THE BILL DOES: Makes a number of technical clarifications to existing statute and reinstates language pertaining to reciprocal state tax exemptions. 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 and aligns the IC-DISC provisions for the 2.5 percent tax, the deduction, and the subtraction. Clarifies that certain cigarette tax revenue is directed to the General Fund. Ties the meaning of “material participation” to the definition in the Internal Revenue Code. Makes the use of the non-passive income tax rates an ‘opt-in’ choice for taxpayers instead of an ‘opt-out’. Limits the authority of the Department of Revenue to waive penalty and interest in certain cases to tax year 2013. Reinstates the handicapped child and severe disability tax credits beginning with tax year 2013. Changes the word “on” to “in” for statutes relating to navigable waters. Limits potential filing penalties to W-2s. Allows a potential local income surtax to be apportioned analogous to the state level approach.

ISSUES DISCUSSED:

- Description of technical clarifications and their relation to adopted policies
- The connection between the disability tax credits and the personal exemption credit

EFFECT OF COMMITTEE AMENDMENTS: Removes the phrase ‘from Oregon sources’ from the definition of non-passive income.

BACKGROUND: The intent of this bill is to make technical corrections for legislation passed in prior sessions. The original statute pertaining to the reciprocity agreement was inadvertently deleted with SB 1022 in 2007. Most of the remaining statutory changes clarify policies adopted during the regular 2013 session or contained in HB 3601, which was passed by the Legislature during the 2013 Special Session.

State Capitol Building
900 Court St NE, Room 143
Salem, OR 97301-1347

Phone: 503-986-1266
Fax: 503-986-1770
<http://www.leg.state.or.us>