

House Bill 2941

Sponsored by COMMITTEE ON REVENUE

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Disconnects, in calculation of Oregon taxable income, from federal depreciation computation and federal rules for expensing of depreciable business assets for purposes of personal income tax or corporate excise tax.

Applies to property placed in service in tax years beginning on or after January 1, 2018, and to tax years beginning on or after January 1, 2018.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to depreciation of assets; creating new provisions; repealing ORS 316.707; and prescribing
3 an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. Section 2 of this 2017 Act is added to and made a part of ORS chapter 316.**

6 **SECTION 2. (1) To the extent that the amount allowed as a deduction under section 168**
7 **of the Internal Revenue Code (Accelerated Cost Recovery System) differs from the amount**
8 **that is allowed as a deduction for depreciation for the property under the federal Internal**
9 **Revenue Code as amended and in effect on December 31, 2016, the difference shall be added**
10 **to or subtracted from federal taxable income, whichever is applicable.**

11 **(2) The modifications required by subsection (1) of this section apply only to the differ-**
12 **ences in the computation of depreciation (reasonable allowance for exhaustion, wear, tear**
13 **and obsolescence) under the Accelerated Cost Recovery System and the other methods of**
14 **depreciation. Nothing in this section shall be construed to govern the eligibility of property**
15 **for depreciation, or other provisions of the Internal Revenue Code which do not directly**
16 **govern the computation of the deduction amount for recovery property.**

17 **(3) There shall be added to federal taxable income any amount deducted under section**
18 **179 of the Internal Revenue Code (election to expense certain depreciable business assets).**
19 **However, any asset with respect to which this section applies may be depreciated as other-**
20 **wise provided under this chapter.**

21 **(4) Income included in federal taxable income by a shareholder of an S corporation pur-**
22 **suant to sections 1366 to 1368 of the Internal Revenue Code shall be adjusted for purposes**
23 **of determining Oregon taxable income as required by the provisions of this section.**

24 **SECTION 3. Section 4 of this 2017 Act is added to and made a part of ORS chapter 317.**

25 **SECTION 4. (1) To the extent that the amount allowed as a deduction under section 168**
26 **of the Internal Revenue Code (Accelerated Cost Recovery System) differs from the amount**
27 **that is allowed as a deduction for depreciation for the property under the federal Internal**
28 **Revenue Code as amended and in effect on December 31, 2016, the difference shall be added**
29 **to or subtracted from federal taxable income, whichever is applicable.**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (2) The modifications required by subsection (1) of this section apply only to the differ-
2 ences in the computation of depreciation (reasonable allowance for exhaustion, wear, tear
3 and obsolescence) under the Accelerated Cost Recovery System and the other methods of
4 depreciation. Nothing in this section shall be construed to govern the eligibility of property
5 for depreciation, or other provisions of the Internal Revenue Code which do not directly
6 govern the computation of the deduction amount for recovery property.

7 (3) There shall be added to federal taxable income any amount deducted under section
8 179 of the Internal Revenue Code (election to expense certain depreciable business assets).
9 However, any asset with respect to which this section applies may be depreciated as other-
10 wise provided under this chapter.

11 SECTION 5. Sections 2 and 4 of this 2017 Act apply to property placed in service in tax
12 years beginning on or after January 1, 2018, and to tax years beginning on or after January
13 1, 2018.

14 SECTION 6. ORS 316.707 is repealed.

15 SECTION 7. This 2017 Act takes effect on the 91st day after the date on which the 2017
16 regular session of the Seventy-ninth Legislative Assembly adjourns sine die.

17