

HB 4080 -1 STAFF MEASURE SUMMARY

House Committee On Revenue

Prepared By: Kyle Easton, Economist

Meeting Dates: 2/6

WHAT THE MEASURE DOES:

Updates connection to the Internal Revenue Code and to other provisions in federal tax law from December 31, 2016 to December 31, 2017.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 For purposes of Oregon's 529 higher education savings program, defines "qualified withdrawal" as not including a withdrawal from an account to pay expenses for tuition in connection with enrollment or attendance at an elementary or secondary religious school.

BACKGROUND:

Oregon has had a continuing connection ("rolling reconnect") to the definition of taxable income since tax year 2011. Other ties to federal tax law must be updated on a regular basis, with December 31st being the usual connection date.

Oregon allows an income tax subtraction for contributions made to Oregon 529 College Savings Network accounts for higher education. Proceeds of the accounts are intended to be used to pay higher education related expenses for a designated beneficiary. Changes to federal law regarding 529 programs made in the Tax Cuts and Jobs Act passed in December of 2017 expanded the definition of qualified higher education expenses to include public, private and religious elementary or secondary schools (up to \$10,000 per taxable year).

Article 1, Section 5 of the Oregon Constitution (Commonly referred to as the Blaine Amendment) reads:

Section 5. No money to be appropriated for religion. No money shall be drawn from the Treasury for the benefit of any religious [sic], or theological institution, nor shall any money be appropriated for the payment of any religious [sic] services in either house of the Legislative Assembly.—