SB 194 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

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Meeting Dates: 1/22

WHAT THE MEASURE DOES:
Requires addition, in determination of Oregon taxable income, amount of losses from wagering transactions deducted on a taxpayer's federal return. Applies to tax years beginning on or after January 1, 2019.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:
No amendment.

BACKGROUND:
Losses sustained during the taxable year on wagering transactions are allowed as an income tax deduction only to the extent of the gains during the taxable year from such wagering transactions. Colloquially this deduction is known as the deduction for gambling losses. Gambling losses can only be deducted to the extent the losses offset gambling winnings. For non-professional gamblers, gambling losses can only be deducted by taxpayers itemizing their deductions. To deduct losses, statute requires the taxpayer to keep an accurate diary or similar record of gambling winnings and losses. Professional gamblers may deduct gambling losses, up to gambling winnings, without itemizing by deducting losses through their gambling trade or business.

The gambling loss deduction is a federal deduction that Oregon is connected to through Oregon's connection to federal taxable income. For this reason, to disconnect from the federal deduction, an addition to Oregon taxable income is required.