

**HB 2171 STAFF MEASURE SUMMARY**

**House Committee On Revenue**

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**Prepared By:** Chris Allanach, Legislative Revenue Officer

**Meeting Dates:** 2/19

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**WHAT THE MEASURE DOES:**

Creates an addition to Oregon taxable income equal to 19.6% of eligible income, if treated as capital gains at the federal level. The eligible income is investment services partnership income. Applies to tax years beginning on or after January 1, 2020. Takes effect on the 91st day following adjournment sine die.

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

The intent of the bill is to recuperate the federal tax treatment given to this type of income, often known as carried interest. This income of professional investors is compensation for their services. Because of the source of income, it is treated as capital gains at the federal level. Opponents of the federal policy argue that the income should be taxed as labor income.