

Carried Interest: HBs 2171 & 2172

Limited Partners receive most of the profits

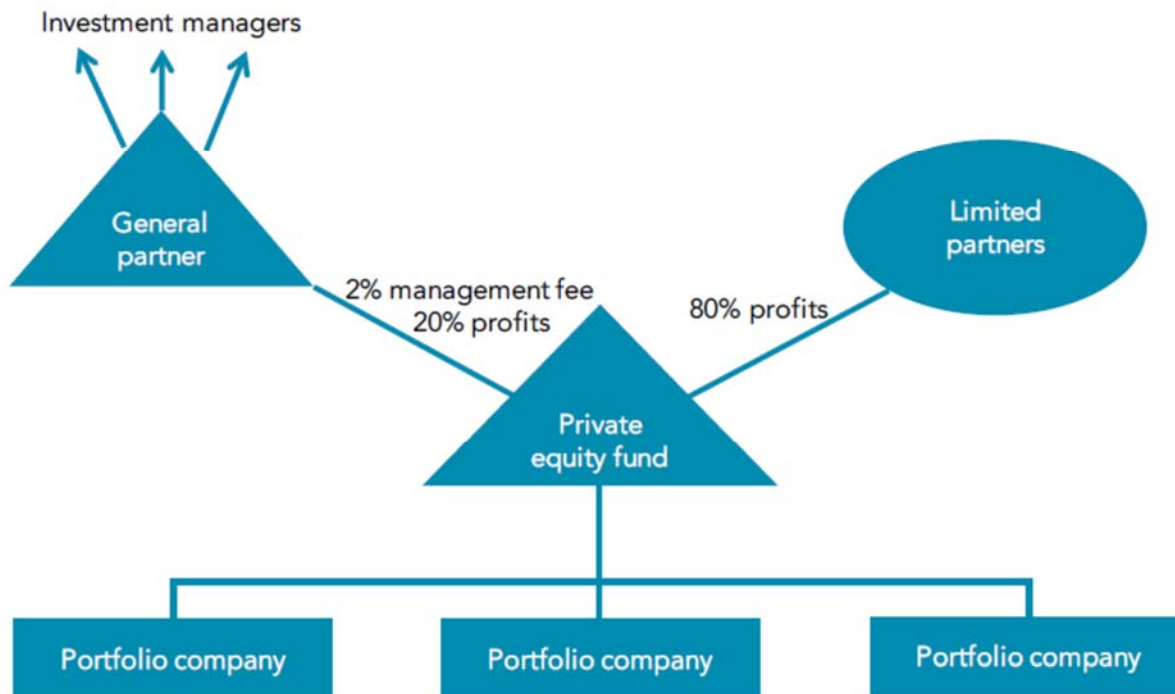
General Partner receives two types of compensation: (1) management fees; and (2) share of the profits

Should the profit received by GPs be taxed like labor income or investment income?

- If labor income, the top federal marginal tax rate is 37% (was 39.6% prior to the TCJA)
- If investment income, the top federal marginal tax rate is 20%

FIGURE 1

A Typical Private Equity Fund



Source: [Tax Policy Center](#)

HB 2171: Creates an addition to Oregon taxable income equal to 19.6% of eligible investment income

HB 2172: Creates a new Oregon tax that is equal to 19.6% of the eligible investment income