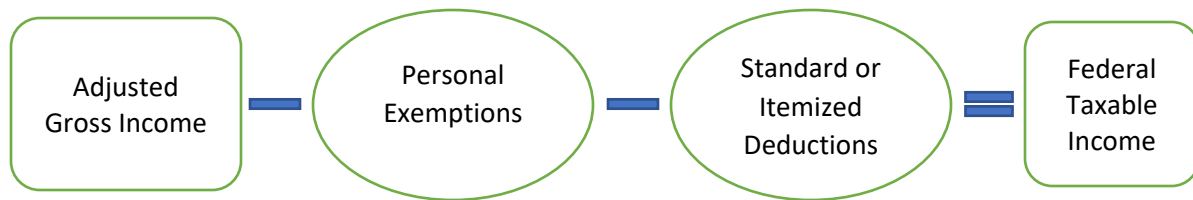


Oregon Connection to Federal Income Tax Laws



- Starting point of Federal Taxable Income (FTI) or Adjusted Gross Income (AGI)
 - AGI
 - Sum of wages, business income, capital gains, retirement, etc.
 - Reduced by adjustments (educator expenses, alimony, etc.)
 - Was \$124B in 2016
 - FTI
 - AGI reduced by personal exemptions and deductions (standard & itemized)
 - TCJA eliminated personal exemptions and created qualified business income, effective with tax year 2018
 - Was \$85B in 2016
- Type of Connection: Static or Rolling Reconnect
 - Static is a statutory connection as per a specific date (e.g. 12.31.2018)
 - Rolling Reconnect pertains only to the definition of FTI
 - Current law is a hybrid
 - Rolling Reconnect for definition of taxable income
 - Date certain for all other provisions
 - Last period of full static connection was tax years 2003-2005