

# REVENUE IMPACT OF PROPOSED LEGISLATION

80th Oregon Legislative Assembly  
2020 Regular Session  
Legislative Revenue Office

<b>Bill Number:</b>	<b>HB 4010 - 15</b>
<b>Revenue Area:</b>	<b>Corp. and Personal Income</b>
<b>Economist:</b>	<b>Kaitlyn Harger</b>
<b>Date:</b>	<b>02.20.20</b>

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

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## Measure Description:

Adjusts Oregon's connection to the federal Opportunity Zone program. Adds to statute, for corporate and personal income filings, a provision that requires taxpayers selling or exchanging opportunity zone property to compute basis for Oregon as 50% of the fair market value (FMV) of the investment at the time of sale or exchange, in lieu of the federal basis adjustment under the program. Requires the Legislative Revenue Office (LRO) to study the federal Opportunity Zone program and its relation to Oregon. Details a list of stakeholders LRO will consult during the study. Requires LRO to present the findings of the report to the interim committees related to revenue and economic development by November 1, 2020. Adds to statute requirement that Qualified Opportunity Funds (QOFs) submit a report to the Department of Consumer and Business Services (DCBS) in Oregon within six months of receiving investment dollars from an investor domiciled in Oregon or making an investment in a qualified Opportunity Zone in Oregon. Details reporting requirements and frequency of required reporting. Takes effect on the 91st day following adjournment sine die.

## Revenue Impact (in \$Millions):

No revenue impact until at least 2028. After that time the revenue impact is indeterminate.

## Impact Explanation:

Current law automatically connects Oregon to the tax benefits provided by the federal Opportunity Zone program, which was created in 2018. The bill adjusts the step up in basis at the time of sale, once the Opportunity Zone investment has been held at least ten years. Since the first investments under this program took place in 2018, this bill will likely not affect state revenues until tax year 2028.

**Creates, Extends, or Expands Tax Expenditure:** Yes  No