

DRAFT

SUMMARY

Directs Legislative Revenue Officer to study potential legislative methodologies for addressing federal limitation on personal income tax deduction allowed for state and local taxes and report findings to interim committees of Legislative Assembly related to revenue no later than September 15, 2022.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to taxation; and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

SECTION 1. (1) The Legislative Revenue Officer shall conduct a study of potential legislative methodologies for addressing the limitation enacted in section 164(b)(6) of the Internal Revenue Code on the deduction allowed for state and local taxes. The methodologies studied shall include the following approach:

(a) Establishing an elective entity level tax on an individual's distributive share of income derived from a pass-through entity;

(b) Creating a corresponding refundable tax credit allowable to the individual; and

(c) Providing that the income tax credit shall be equal to the tax paid by the individual on the distributive share for state gross income tax purposes.

(2) No later than September 15, 2022, the officer shall submit a report of the findings of the study to the interim committees of the Legislative Assembly related to revenue in the manner provided under ORS 192.245.

1 **SECTION 2. Section 1 of this 2021 Act is repealed on January 2, 2023.**

2 **SECTION 3. This 2021 Act takes effect on the 91st day after the date**

3 **on which the 2021 regular session of the Eighty-first Legislative As-**

4 **sembly adjourns sine die.**

5
