

**SB 727 STAFF MEASURE SUMMARY**

**Senate Committee On Finance and Revenue**

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

**Meeting Dates:** 3/17

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**WHAT THE MEASURE DOES:**

Requires the Legislative Revenue Officer to study policy options for addressing the federal limitation on the (personal income) itemized tax deduction allowed for state and local taxes. The report findings are due to the interim Revenue Committees no later than September 15, 2022.

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

Prior to tax year 2018, individuals who itemized their deductions on their federal personal income tax returns where allowed to deduct (with some phase-out limitations) their state and local taxes - primarily property taxes and either income or sales taxes. In 2017, Congress enacted the Tax Cut and Jobs Act and limited this deduction to \$10,000. Since that time, states have explored options for a policy response. Recently, the IRS has allowed some actions by states, such as the New Jersey legislation. This bill is intended to explore such options for Oregon.