HB 2812 STAFF MEASURE SUMMARY

Carrier: Rep. Marsh

Joint Committee On Tax Expenditures

Action Date:	04/21/23
Action:	Do Pass.
House Vote	
Yeas:	5 - Levy B, Marsh, Nathanson, Nguyen D, Reschke
Exc:	2 - Smith G, Walters
Senate Vote	
Yeas:	3 - Golden, Jama, Meek
Exc:	2 - Boquist, Findley
Fiscal:	Has minimal fiscal impact
Revenue:	Revenue impact issued
Prepared By:	Kyle Easton, Economist
Meeting Dates:	3/31, 4/21

WHAT THE MEASURE DOES:

Creates Oregon personal income tax subtraction for amount of personal casualty loss that would otherwise be deductible but for federal law requiring such casualty loss to occur in a federally declared disaster area. Requires casualty loss to be incurred in Oregon as a result of an event subject to a state of emergency declared by the Governor, or occur in an area subject to Governor's executive order invocating the Emergency Conflagration Act. Disallows subtraction for amounts deducted on taxpayer's federal income tax return. Applies to tax years beginning on or after January 1, 2020, and before January 1, 2026.

ISSUES DISCUSSED:

- Background on deduction, recent changes made at federal level (TCJA)
- Bootleg fire, example of related loss
- Taxpayer substantiation of casualty losses when claiming deduction.

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

A "casualty loss" refers to an individual's casualty or theft loss of personal-use property that is caused by an identifiable event of sudden, unexpected, or unusual nature, such as a fire or storm. A personal income tax itemized deduction exists for taxpayers that incur casualty or theft losses. A taxpayer may only deduct total unreimbursed loss amounts that exceed 10% of a taxpayer's adjusted gross income. For tax years 2018 through 2025, the personal casualty and theft loss deduction is limited to such losses attributable to a federally declared disaster.

House Bill 2812 creates an Oregon tax subtraction for amounts of personal casualty loss that would otherwise be deductible but for the federal law requirement that such losses be attributable to a federally declared disaster. To qualify for subtraction, such losses must result from an event subject to a state of emergency declared by the Governor or occur in an area subject to a Governor's executive order invocating the Emergency Conflagration Act. Such losses are not allowed to be subtracted if they are deducted on a taxpayer's federal tax return or if the loss is from theft.