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**2023 Oregon Legislative Assembly
Hearing – Joint Committee on Tax Expenditures
Written Testimony for HB 3039 related to Disconnect from
Federal Opportunity Zone Tax Provisions – **Opposition****

DATE: May 23, 2023 – 8:00 a.m.

Good afternoon Co-Chairs Senator Meek and Representative Nathanson, Co-Vice Chairs Senator Boquist, Representative Reschke, and Representative Walters, and members of the committee.

On behalf of nearly 4,000 members of the Oregon Society of Certified Public Accountants (OSCPA), we respectfully submit written testimony in **opposition to HB 3039**.

BACKGROUND:

Our overarching issue and concern related to HB 3039 is rooted in the fact that this measure would disconnect from Federal income tax law related to opportunity zones. Disconnecting from Federal income tax statutes and provisions is a complicated approach with widespread consequences. While this specific measure would apply to relatively few taxpayers (only those who have invested in or contemplate investing in opportunity zones), the Federal tax provisions are already scheduled to sunset in 2026, so disconnecting from these Federal tax code provisions will cause unnecessary complexity for Oregon taxpayers, the Oregon Department of Revenue, and tax practitioners.

- Complexity negatively impacts Oregon taxpayers who must know how to file their federal return and then change specific items for Oregon purposes.
- Complexity also negatively impacts tax advisors who must timely learn and advise their clients of the impacts of these disconnected provisions.
- Complexity impacts the Oregon Department of Revenue. The more complex the process of understanding the differences between state and federal statutes and provisions, the higher the risk of noncompliance by taxpayers. Not all taxpayers utilize the expertise of tax advisors, and unrepresented taxpayers may have increased difficulty complying with disconnected provisions.
- Supporting conformity, and not disconnecting from various federal statutes and provisions, is in the best interest of Oregon taxpayers. Conformity helps taxpayers to understand that the decisions made for federal purposes also impacts their Oregon tax obligation and compliance.

RECOMMENDATION:

On behalf of Oregon Society of CPAs, we respectfully encourage you to **oppose House Bill 3039** and remain connected to federal tax code and its provisions.

Thank you for the opportunity to share our feedback with you today.

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