

HB 4034 -1 STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 2/28

WHAT THE MEASURE DOES:

Updates connection date to federal Internal Revenue Code and other provisions of federal law. Updates provisions by one year to December 31, 2023 or January 1, 2024. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Removes purported connection to future amendments to the federal Internal Revenue Code in 305.842 applying to certain property tax laws.

BACKGROUND:

Oregon has a continuing connection to the federal definition of taxable income (“rolling reconnect”) for personal and corporate income taxes. The rolling reconnect automatically adopts federal changes to the definition and incorporates them into the respective tax calculations. In general, a continuing connection to federal law is not permitted by Oregon's Constitution, but there is an exception for the definition of taxable income used for federal taxes.

Ties to federal law other than the definition of taxable income must be updated regularly to incorporate changes. This bill makes routine updates to those provisions, as detailed in the section-by-section description in the Committee's meeting materials.

On February 19th, the Committee heard from representatives of the Oregon Society of Certified Public Accountants about changes in federal law through December, and about potential future legislation.

The -1 amendment removes a purported continuing connection to federal law in certain Oregon property tax laws, which is ineffective. The specific statutes do have updated connection based on a fixed date (December 31, 2023 in HB 4031).