

Background

Senate Bill 1520 allows a personal income tax subtraction from income reported due to a settlement of a civil action arising from wildfires. The tax subtraction is allowed for income reported from a settlement of civil actions from wildfires that is declared by the Governor through a state of emergency, occurs in an area invoking the Emergency Conflagration Act, or is a federally declared disaster located within Oregon or elsewhere. The subtraction applies to income reported in tax years 2020 to 2025.

Tax year 2020 Refunds

For awareness, due to the retroactive nature of SB 1520, the three-year statute of limitation on refunds would require that 2020 returns filed timely (in 2021) to be amended by taxpayers by May 17, 2024.

Upon passage of SB 1520, the effective date of this measure is 91 days after the end of the 2024 session (approximately June 9, 2024). Unless the statute of limitations to claim a refund for this subtraction is extended for tax year 2020 by legislative action, taxpayers will need to file a protective refund claim with the department before the statute of limitations to claim a refund expires in order to claim a refund for tax year 2020.

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