

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
83rd Oregon Legislative Assembly
2025 Regular Session
Legislative Revenue Office

Bill Number:	HB 2092 - 7
Revenue Area:	Income Taxes
Economist:	Kyle Easton
Date:	3/11/2025

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description:

Updates connection date to federal Internal Revenue Code and other provisions of federal law by one year. For provisions unrelated to taxable income, updates connection date to December 31, 2024, or January 1, 2025. For tax years beginning on or after January 1, 2025, and before January 1, 2027, suspends continuous connection to the federal definition of taxable income. Sets tax years 2025 and 2026 taxable income connection to federal law as in effect on December 31, 2024. Restores continuous connection to federal definition of taxable income for tax years beginning on or after January 1, 2027.

Revenue Impact:

Suspending Oregon’s continuous connection to the federal definition of taxable income for tax year 2026 is expected to change the General Fund revenue forecast by -\$138 million for the 2025-27 biennium.

Impact Explanation:

Maintaining continuous connection between Oregon and federal income taxes provides continuity between the respective tax systems. Connection causes Oregon to automatically incorporate federal income tax law changes to taxable income. While potential federal law change is omnipresent, considerable uncertainty currently exists as multiple significant federal personal income tax provisions are scheduled to expire at the end of 2025. Oregon’s baseline revenue forecast prepared by the Office of Economic Analysis assumes these federal provisions will be continued without any other policy changes.

While the March baseline revenue forecast assumes extension of federal provisions, under current law such provisions will no longer apply beginning with the 2026 tax year. Measure’s suspension of connection to federal taxable income for tax years 2025 and 2026 affirms current law, but reduces expected 2025-27 revenue due to the baseline forecast’s assumption that such provisions will be extended. Measure’s suspension of continuous federal connection for tax year 2026 would effectively require Oregon’s revenue forecast to assume expiration of federal provisions for tax year 2026. Continuous connection to the federal definition of taxable income resumes beginning with tax year 2027, meaning the baseline forecast need only reflect the change to the 2026 tax year.

Creates, Extends, or Expands Tax Expenditure: Yes No