



Legislative Fiscal Office  
83<sup>rd</sup> Oregon Legislative Assembly  
2025 Regular Session

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**Bill Title:** Relating to connection to federal tax law; prescribing an effective date.

**Government Unit(s) Affected:** Public Employees Retirement System, Department of Revenue, Judicial Department

**Summary of Fiscal Impact**

Costs related to the measure are indeterminate at this time - See explanatory analysis.

**Measure Description**

The measure updates Oregon’s connection date with the federal Internal Revenue Code and other specified federal laws from December 31, 2023 to December 31, 2024. The measure disconnects from the federal definition of taxable income for tax years beginning on or after January 1, 2025 and before January 1, 2026, and reinstates the connection to the federal definition for tax years beginning on or after January 1, 2026.

Ties to federal law must be regularly updated, with December 31st the usual connection date. Oregon has had a continuing connection to federal definitions on taxable income (“rolling reconnect”) for personal and corporate income taxes since tax year 2011. The reconnect automatically adopts and incorporates these changes. Prior to 2011, Oregon fluctuated between automatic connection vs connection to the federal code at a specified time. Adjustments to federal law other than taxable income must be regularly updated to reflect changes. Personal income tax, corporate excise and income tax, fiduciary income tax, and corporate activity tax are all based on federal income tax laws.

**Fiscal Analysis**

Department of Revenue

The fiscal impact for the Department of Revenue (DOR) is indeterminate. The agency reports that disconnecting from federal tax laws would require modifications to Oregon tax forms. However, it is currently unknown whether there will be any changes to federal tax law that would require modifications. Additionally, the agency reports that the costs related to the increased call volume with taxpayers and practitioners, collection efforts, and outreach are unknown at this time. If federal changes are identified, the Department may need additional resources to implement necessary modifications to tax forms and address the anticipated increased workload.

Other Entities

There is a minimal fiscal impact to the Judicial Department and Public Employees Retirement System.

**Relevant Dates**

The measure takes effect on the 91st day after sine die.