

SB 1510 A STAFF MEASURE SUMMARY

Carrier: Sen. Broadman, Sen. McLane

Senate Committee On Finance and Revenue

Action Date: 02/16/26

Action: Do pass with amendments. (Printed A-Eng.)

Vote: 5-0-0-0

Yeas: 5 - Anderson, Broadman, McLane, Patterson, Taylor

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

Prepared By: Kyle Easton, Senior Economist

Meeting Dates: 2/11, 2/16

WHAT THE MEASURE DOES:

Measure is an omnibus tax measure containing policies related to the corporate income and excise tax, personal income tax, property tax, fuel license tax, pass through business alternative income tax, and enrolled agents and the State Board of Tax Practitioners.

Makes technical modifications to statutory references by changing “global intangible low-taxed income” to “net controlled foreign corporation tested income” in reflection of federal tax law changes made by H.R. 1 enacted in 2025. Makes corrective modifications to Oregon's earned income tax credit, aligning applicability of past law changes with credit's underlying sunset date. Expands use of Oregon Production Investment Fund (OPIF) reimbursements to include commercials, applicable to fiscal years 2026-27 and later. Extends cargo container property tax exemption for six years by moving sunset date from June 30, 2026, to June 30, 2032. For an Indian tribe qualifying for exemption from fuel license tax, removes the requirement that motor vehicle taxes must be expended in accordance with Oregon Constitution which requires expenditures of such revenues on transportation. Extends applicability of pass-through business alternative income tax (BAIT) and related personal income tax credit by two years (tax years 2026 and 2027). Allows BAIT overpayments to be credited as estimated payment for subsequent year. Requires the State Board of Tax Practitioners to register as an enrolled agent any individual who is an enrolled agent and applies for registration and pays registration fees. Defines terms. Takes effect on the 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Contents of measure and amendments
- Enrolled agents, credentials and federal regulations
- Tax preparation of clergy members
- Business alternative income tax and associated income tax credit
- Global intangible low-taxed income (GILTI)
- Cargo containers property tax exemption
- Contents of respective amendments.

EFFECT OF AMENDMENT:

Extends cargo container property tax exemption by six years. Makes changes to fuel license tax exemption for an Indian tribe. Extends applicability of pass-through business alternative income tax program by two years. Makes additional technical changes to "global intangible low-tax income" reference modification and sunset alignment of Oregon's earned income tax credit. Requires the State Board of Tax Practitioners to register enrolled agents.

BACKGROUND:

SB 1510 A STAFF MEASURE SUMMARY

Federal legislation enacted in 2025 (H.R. 1), removed the term "global intangible low-taxed income" (GILTI) and now includes the term "net controlled foreign corporation tested income" (NCTI). Measure updates Oregon statutory GILTI and NCTI references reflective of federal changes.

The measure makes corrective modifications to statute aligning applicability of past law changes (HB 2164 of 2019 and HB 2433 of 2021) of Oregon's earned income tax credit with credit's underlying sunset date which was extended to 2032 by HB 2087 (2025).

The property tax exemption for cargo containers was enacted in 1979 and provides a property tax exemption for cargo containers principally used for the transportation of cargo by vessels in trade and ocean commerce. Oregon's exemption pertains to all cargo containers, but foreign owned containers are exempt under commerce law of the U.S. Constitution. Measure extends the sunset of the cargo containers exemption by six years.

Prior to tax year 2018, individuals who itemized their deductions on their federal personal income tax returns were allowed to deduct (with some phase-out limitations) their state and local taxes (SALT) - primarily property taxes and either income or sales taxes. In 2017, Congress enacted the Tax Cut and Jobs Act and limited this deduction to \$10,000 for tax years 2018 through 2025. The SALT limitation was modified by H.R. 1 in 2025. For tax year 2025 the limit is \$40K and increased thereafter by one percent for TYs 2026 through 2029 before reverting to \$10K for tax years 2030 and later. For tax years 2025 through 2029, the SALT limit phases down to \$10K for higher income taxpayers.

Following the federal SALT limitation, a majority of states enacted legislation intending to workaround the federal limitation by imposing a tax on a pass-through entity (where the tax is deductible from federal tax) and providing a related personal income tax credit for the owners of the pass-through entity. These state SALT workarounds provide a means to reduce a taxpayer's federal income tax liability while leaving net state revenue unchanged. Oregon enacted its own SALT workaround in 2021 with the passage of SB 727 which established Oregon's business alternative income tax (BAIT) and related personal income tax credit. Under current law, Oregon's BAIT is applicable to tax years 2022 through 2025 and provides a mechanism to reduce federal income tax liability for taxpayers while leaving net Oregon revenue unchanged. Measure extends the applicability of Oregon's BAIT and related credit to include tax years 2026 and 2027.

As described by the Internal Revenue Service (IRS), an enrolled agent is a person who has earned the privilege of representing taxpayers before the IRS by either passing a three-part comprehensive IRS test covering individual and business tax returns, or through experience as a former IRS employee. The IRS requires enrolled agents to complete 72 hours of continuing education courses every three years. Paid individuals who prepare, advise, or aid in the preparation of Oregon personal income tax returns must be licensed by the Oregon Board of Tax Practitioners (OBTP). Measure requires enrolled agents to continue to be licensed by the OBTP but prohibits OBTP from requiring agents to pass any examination or to complete continuing education.