76TH OREGON LEGISLATIVE ASSEMBLY 2011 Regular Session
STAFF MEASURE SUMMARY
SENATE FINANCE AND REVENUE COMMITTEE

MEASURE: SB 883 A
CARRIER: Sen. Telfer

REVENUE: Revenue Impact Issued
FISCAL: Fiscal Impact Issued

Action: Do Pass with Amendments and be printed Engrossed
Vote: 4-0-0

Yeas:	Hass, Morse, Telfer, Burdick
Nays:	0
Exc.:	0
Prepared By:	Paul Warner, Economist
Meeting Dates:	3/23, 5/4

WHAT THE BILL DOES: Creates a subtraction for income derived from long term capital gains. Defines long term capital gain as income resulting from the sale of assets that have been held for more than 60 months. Establishes 50% subtraction for long term capital gains resulting from the sale of real property held in Oregon that has a primary purpose of producing income. 50% subtraction applies to assets sold on or after 1-1-13. Establishes subtraction schedule for all other capital gains as defined by IRS code section 1222 held for more than 60 months. Phases in subtraction for these assets over eight year period starting in 2013. Subtraction starts at 5% in 2013, increases at 5% increments until reaching 40% for the 2020 tax year. Becomes effective with passage of SJR 26 on November 2012 ballot.

ISSUES DISCUSSED:

- Oregon's high marginal income tax rates compared to other states.
- Impact of capital gains taxation on net migration of high income households.
- Attactiveness of Clark County Washington.
- Votatility of revenue from capital gains income.

EFFECT OF COMMITTEE AMENDMENTS: Replaces the bill.

BACKGROUND: Oregon currently taxes capital gains derived from the sales of assets as ordinary income.

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