

SB 1529 A STAFF MEASURE SUMMARY

Carrier: Sen. Riley

Senate Committee On Finance and Revenue

Action Date: 02/09/18
Action: Do pass with amendments. (Printed A-Eng.)
Vote: 3-2-0-0
Yeas: 3 - Hass, Riley, Taylor
Nays: 2 - Baertschiger Jr, Boquist
Fiscal: Has minimal fiscal impact
Revenue: Revenue impact issued
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WHAT THE MEASURE DOES:

Updates connection to the Internal Revenue Code and to other provisions in federal tax law from December 31, 2016 to December 31, 2017. Requires the addback of the federal dividend received deduction related to repatriation. Creates a tax credit based on taxes paid from the tax haven legislation and applied against the Oregon tax from repatriated income. Requires the Department of Revenue to estimate actual collections and place that amount into the Rainy Day Fund. Repeals the tax haven law for tax years 2017 and later.

ISSUES DISCUSSED:

- IRS rules and regulations relating to new federal tax law changes have not been prepared, some IRS notices are being released
- Difficulty of tax preparation without such IRS rules/regulations
- Multiple tax seasons may elapse before changes are fully understood by tax preparation community
- Differing interpretations of federal changes, leading interpretations exist, but some unknown remains due to lack of IRS rules/regulations.

EFFECT OF AMENDMENT:

Added provisions in measure relating to repatriation, tax havens and Department of Revenue estimation of collections.

BACKGROUND:

Oregon has had a continuing connection ("rolling reconnect") to the definition of taxable income since tax year 2011. Other ties to federal tax law must be updated on a regular basis, with December 31st being the usual connection date.