

SENATOR  
Boquist

Contextual simplified example of SB 139 -14 (proposed PT entity tax and income tax credit)

		Existing Law	Proposed	No PTE Reduced Rates Proposed	Notes
Pass Through Entity	Income	1,000,000	1,000,000	1,000,000	
	PT Alt. Tax	0	96,750	96,750	New alternative tax amount
	Net PT Inc.	1,000,000	903,250	903,250	Net income to pass through
Individual Taxpayer	Federal PIT Tax	370,000	334,203	334,203	Assumes top 37% for all income
	OR PIT Tax	73,500	72,500	99,000	Assumes marginal PTE rates or top 9.9% OR marginal rate
	OR PT Credit	0	96,750	96,750	
	Net PIT Tax	443,500	309,953	336,453	
	Net After Tax Inc. to Taxpayer	\$556,500	\$593,298	\$566,798	After tax income is increased
	Net Change in after tax income		\$36,798	\$10,298	Reflects increase in after tax income for the taxpayer
	Net OR Tax Revenue	\$73,500	\$72,500	\$99,000	

81st Oregon Legislative Assembly – 2021 Regular Session

**SB 727 A STAFF MEASURE SUMMARY**  
Senate Committee On Finance and Revenue

Carrier: Sen. Boquist

**WHAT THE MEASURE DOES:**

Creates a new entity-level income tax on qualified pass-through entities. Defines terms. The first \$250,000 of income is taxed at a 9 percent rate while income above \$250,000 is taxed at 9.9 percent. Qualifying entities have owners who are individuals subject to the Personal Income Tax or other pass-through entities whose owners are subject to the Personal Income Tax. The tax is elective and, if paid, the business owners are allowed an offsetting income tax credit claimed on their Oregon personal income tax returns. Each owner would be allowed a tax credit for their pro rata share of the entity tax. The new tax and credit would be administered by the Department of Revenue and effective for tax years 2022 and 2023.

**ISSUES DISCUSSED:**

- State responses to the State and Local Tax (SALT) Deduction limitation within the Tax Cuts and Jobs Act of 2017.
- Revenue neutral for Oregon
- Impact on participating business owners
- 3/5 vote requirement