

House Bill 2839

Sponsored by Representative PHAM, Senators DEMBROW, GOLDEN (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Disconnects from federal tax provisions, including federal repeals of previously enacted limitations on deductions, by requiring additions to federal taxable income for Oregon tax purposes. Reinstates limitations on deductions for excess business loss and net operating loss carryforwards and disallows five-year carryback of net operating loss, for Oregon personal income tax purposes. Applies to tax years beginning on or after January 1, 2018, and before January 1, 2021.

Reinstates lower limitation on business interest deduction, for personal income and corporate excise taxation. Applies to tax years beginning on or after January 1, 2019, and before January 1, 2021.

Requires Department of Revenue to waive penalty or interest due to underpayment or underreporting resulting from add-back requirement. Applies to tax years beginning on or after January 1, 2018, and before January 1, 2020.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to connection to federal tax law; and prescribing an effective date.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. Sections 2 to 4 of this 2021 Act are added to and made a part of ORS chapter**
5 **316.**

6 **SECTION 2. There shall be added to federal taxable income an amount equal to any ex-**
7 **cess business loss deducted under section 461(l)(1) of the Internal Revenue Code.**

8 **SECTION 3. Notwithstanding ORS 316.028, there shall be added to federal taxable income**
9 **an amount equal to the sum of:**

10 (1) **The amount of any net operating loss carryback deducted under section 172(b)(1)(D)**
11 **of the Internal Revenue Code; and**

12 (2) **The amount by which any net operating loss deduction exceeds 80 percent of adjusted**
13 **taxable income.**

14 **SECTION 4. There shall be added to federal taxable income the amount by which business**
15 **interest deducted under section 163(j)(1)(B) of the Internal Revenue Code exceeds 30 percent**
16 **of current tax year adjusted taxable income, as defined in section 163(j)(8) of the Internal**
17 **Revenue Code and notwithstanding section 163(j)(10)(B) of the Internal Revenue Code.**

18 **SECTION 5. Section 6 of this 2021 Act is added to and made a part of ORS chapter 317.**

19 **SECTION 6. There shall be added to federal taxable income the amount by which business**
20 **interest deducted under section 163(j)(1)(B) of the Internal Revenue Code exceeds 30 percent**
21 **of current tax year adjusted taxable income, as defined in section 163(j)(8) of the Internal**
22 **Revenue Code and notwithstanding section 163(j)(10)(B) of the Internal Revenue Code.**

23 **SECTION 7. (1) Section 2 of this 2021 Act applies to tax years beginning on or after**
24 **January 1, 2018, and before January 1, 2021.**

25 (2) **Sections 4 and 6 of this 2021 Act apply to tax years beginning on or after January 1,**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 2019, and before January 1, 2021.

2 (3) Section 3 (1) of this 2021 Act applies to tax years beginning on or after January 1,
3 2018, and before January 1, 2021, and to any tax year to which a net operating loss arising
4 in those tax years is carried back.

5 (4) Section 3 (2) of this 2021 Act applies to tax years beginning on or after January 1,
6 2018, and before January 1, 2021, and to net operating losses arising in those tax years.

7 SECTION 8. The Department of Revenue may not impose any interest or penalty that
8 would otherwise apply to taxes due if the interest or penalty is based on underpayment or
9 underreporting that results solely from the operation of section 2, 3, 4 or 6 of this 2021 Act.

10 SECTION 9. Section 8 of this 2021 Act applies to tax years beginning on or after January
11 1, 2018, and before January 1, 2020.

12 SECTION 10. This 2021 Act takes effect on the 91st day after the date on which the 2021
13 regular session of the Eighty-first Legislative Assembly adjourns sine die.

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