

# House Bill 2840

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**.

Temporarily disallows certain tax expenditures. Requires personal income taxpayers and corporate excise and income taxpayers to add back amounts excluded or deducted on federal return. Disallows elective lower rate on pass-through income. Applies to tax years beginning on or after January 1, 2022, and before January 1, 2024.

Temporarily disallows certain property tax exemptions. Applies to property tax years beginning after July 1, 2021, and before July 1, 2023.

Advances sunset for property tax exemption for long term rural enterprise zone. Applies to property tax years beginning before July 1, 2021.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to disallowance of tax expenditures; creating new provisions; amending ORS 285C.406 and  
3 section 77, chapter 736, Oregon Laws 2003; and prescribing an effective date.

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

5 **SECTION 1. Section 2 of this 2021 Act is added to and made a part of ORS chapter 316.**

6 **SECTION 2. (1) In addition to any other modification to federal taxable income under this**  
7 **chapter there shall be added to federal taxable income any amount that for the tax year:**

8 (a) **Is excluded for federal tax purposes as gain from the sale or exchange of the**  
9 **taxpayer's principal residence under section 121 of the Internal Revenue Code;**

10 (b) **Is excluded for federal tax purposes as foreign earned income or housing cost amount**  
11 **under section 911 of the Internal Revenue Code;**

12 (c) **Is allowed as a deduction for federal tax purposes for the fair market value of enter-**  
13 **tainment provided by the taxpayer's employer, under section 119 of the Internal Revenue**  
14 **Code;**

15 (d) **Is excluded as gain from a like-kind exchange under section 1031 of the Internal Re-**  
16 **venue Code;**

17 (e) **Is excluded as gain from the sale of inherited property for federal tax purposes under**  
18 **section 1014 of the Internal Revenue Code;**

19 (f) **Is excluded as gain from a gift for federal tax purposes under section 1015 of the**  
20 **Internal Revenue Code; or**

21 (g) **Notwithstanding ORS 316.707, is allowed as a deduction for federal tax purposes for**  
22 **the tax year under sections 167 and 168 of the Internal Revenue Code.**

23 (2) **Amounts added back under subsection (1)(d) of this section shall be subtracted in the**  
24 **year in which gain is included on the taxpayer's federal return.**

25 (3) **Amounts added back under subsection (1)(g) of this section shall be subtracted in the**  
26 **year in which the amounts, absent accelerated depreciation, would otherwise be deducted on**  
27 **the taxpayer's federal return.**

**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       **SECTION 3.** Section 2 of this 2021 Act applies to tax years beginning on or after January  
2       **1, 2022, and before January 1, 2024.**

3       **SECTION 4.** Section 77, chapter 736, Oregon Laws 2003, as amended by section 1, chapter 913,  
4       Oregon Laws 2009, section 17, chapter 730, Oregon Laws 2011, and section 42, chapter 701, Oregon  
5       Laws 2015, is amended to read:

6       **Sec. 77.** ORS 315.514 applies to tax years beginning on or after January 1, 2005, and before  
7       January 1, [2024] **2022, and to tax years beginning on or after January 1, 2024, and before**  
8       **January 1, 2026,** and to tax credit certifications issued by the Oregon Film and Video Office on or  
9       after July 1, 2005.

10       **SECTION 5.** ORS 316.043 applies to tax years beginning on or after January 1, 2015, and  
11       before January 1, 2022, and on or after January 1, 2024.

12       **SECTION 6.** Section 7 of this 2021 Act is added to and made a part of ORS chapter 317.

13       **SECTION 7.** (1) In addition to any other modification to federal taxable income under this  
14       chapter there shall be added to federal taxable income any amount that for the tax year is  
15       allowed as a deduction for federal tax purposes for the tax year under sections 167 and 168  
16       of the Internal Revenue Code.

17       (2) Amounts added back under subsection (1) of this section shall be subtracted in the  
18       year in which the amounts, absent accelerated depreciation, would otherwise be deducted on  
19       the taxpayer's federal return.

20       **SECTION 8.** Section 7 of this 2021 Act applies to tax years beginning on or after January  
21       **1, 2022, and before January 1, 2024.**

22       **SECTION 9.** ORS 285C.406 is amended to read:

23       285C.406. In order for a taxpayer to claim the property tax exemption under ORS 285C.409 or  
24       a corporate excise or income tax credit under ORS 317.124:

25       (1) The written agreement between the business firm and the rural enterprise zone sponsor that  
26       is required under ORS 285C.403 (3)(c) must be entered into prior to the termination of the enterprise  
27       zone under ORS 285C.245; and

28       (2)(a) For the purpose of the property tax exemption, the business firm must obtain certification  
29       under ORS 285C.403 on or before June 30, [2025] **2021;** or

30       (b) For the purpose of the corporate excise or income tax credit, the business firm must obtain  
31       certification under ORS 285C.403 on or before June 30, 2018.

32       **SECTION 10.** ORS 285C.409 applies to property tax years beginning before July 1, 2021.

33       **SECTION 11.** ORS 285C.175 applies to property tax years beginning before July 1, 2021,  
34       and beginning on or after July 1, 2023.

35       **SECTION 12.** ORS 307.123 applies to property tax years beginning before July 1, 2021, and  
36       beginning on or after July 1, 2023.

37       **SECTION 13.** ORS 307.330 applies to property tax years beginning before July 1, 2021, and  
38       beginning on or after July 1, 2023.

39       **SECTION 14.** ORS 307.400 applies to property tax years beginning before July 1, 2021, and  
40       beginning on or after July 1, 2023.

41       **SECTION 15.** ORS 308.558 applies to property tax years beginning before July 1, 2021, and  
42       beginning on or after July 1, 2023.

43       **SECTION 16.** This 2021 Act takes effect on the 91st day after the date on which the 2021  
44       regular session of the Eighty-first Legislative Assembly adjourns sine die.