House Bill 2812

Income tax deduction for personal casualty loss

Background

Federal law allows a personal casualty loss deduction to the extent it is attributable to a Federally declared disaster. Oregon statutes are connected to this federal deduction and Oregon taxpayers can benefit from this deduction on their state personal income tax returns.

Federally declared disasters are determined by the President of the United States but the definition does not extend to a Governor declaring a disaster within the state.

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HB 2812 creates a personal income tax subtraction for a personal casualty loss incurred in Oregon. This subtraction is only allowed when the loss is declared by the Governor through a state of emergency or by invocating the Emergency Conflagration Act. This subtraction would apply to tax years 2020 through 2025.

For awareness, due to the retroactive nature of this measure, the three-year statute of limitation on refunds would require that most 2020 returns filed timely (in 2021) would need to be amended by the taxpayers by May 17, 2024.

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