

HB 2339 STAFF MEASURE SUMMARY

House Committee On Revenue

Prepared By: Jonathan Hart, Economist

Meeting Dates: 1/28, 3/27

WHAT THE MEASURE DOES:

Extends deadline for distribution of Eastern and Western Oregon Timber Severance Tax Funds from May 15th to June 15th of each year beginning in 2026. Expands revenue sharing between the Department of Revenue (DOR) and the Oregon Liquor and Cannabis Commission and the Oregon Health Authority so DOR may use the data in enforcement of income tax and corporate activity tax programs. Repeals various requirements for DOR reporting of information and recommendation of tax law changes. Specifies Agricultural Employer Overtime Tax Credit can be used to offset minimum tax of C Corporations but not S Corporations for tax years beginning on or after January 1, 2023. Includes foreign earned income that is excluded from Adjusted Gross Income in the calculation of income used to qualify for the Oregon Kids Credit for tax years beginning on or after January 1, 2025. Takes effect on the 91st day after sine die.

ISSUES DISCUSSED:

- Combination of several types of changes into one bill
- Sharing data on programs shared with Oregon Liquor and Cannabis Commission and Oregon Health Authority
- Repeal of specified reporting requirements
- Aligning deadlines for distribution of Timber Severance Tax with extended deadlines for tax returns
- Intent of Oregon Kids Credit with respect to excluded foreign earned income

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

This miscellaneous bill has changes related to multiple program areas.

In 2019 the annual deadline for filing returns for the Small Tract Forestland program was changed from January 15th to April 15th, shortening the time available for DOR to calculate balances in the Eastern and Western Oregon Timber Severance Funds. HB 2339 extends the deadline for calculation of fund balances and distribution from the timber severance funds from May to June each year.

Currently the Department of Revenue has data sharing agreements with the Oregon Liquor and Cannabis Commission (OLCC) and the Oregon Health Authority (OHA) for administration of the marijuana and psilocybin tax programs. HB 2339 expands the purposes for which OLCC and OHA can share tax data and allowing DOR to use that data for compliance purposes for income taxes and the Corporate Activity Tax.

Other changes in the bill include repeal of several requirements for DOR to report information or to make recommendations for changes to tax laws, alignment of S-Corporation use of Agricultural Employer Overtime Tax Credit with current practice of passing the credit through to S-Corporation owners, and including foreign earned income excluded from Adjusted Gross Income to calculated income used to qualify for the Oregon Kids Credit.