

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
83rd Oregon Legislative Assembly
2025 Regular Session
Legislative Revenue Office

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|---------------|----------------|
| Bill Number: | HB 3984 - 10 |
| Revenue Area: | Income Taxes |
| Economist: | Chris Allanach |
| Date: | 6.26.25 |

*Only Impacts on Original or Engrossed
Versions are Considered Official*

The revenue impact of this measure is indeterminate for the following reasons:

Under current law, amounts received in judgment or settlement of a civil action arising from a qualifying wildfire (occurring in years 2018 through 2025) is excluded from Oregon personal income taxation. If taxed at the federal level, this income is subtracted from federal taxable income when calculating Oregon personal income taxes (SB 1520 in 2024; Oregon Laws 2024 c. 50). This measure requires electric companies to make an additional payment to taxpayers equal to the amount of federal tax liability that is owed or paid in relation to a civil action. Because this additional payment would likely be considered income by the IRS, the measure creates a second subtraction for any such amount included in federal taxable income. The tax implications of the required payment for federal tax liability and the associated subtraction likely offset each other. The impact on corporate income taxes would largely depend on the timing and ability of electric companies to deduct these additional payments against taxable profits. Taken together, the net impact on Oregon income tax collections is considered indeterminate.

Creates, Extends, or Expands Tax Expenditure: Yes ☒ No ☐

The policy purpose is to offset the potential tax impact on taxpayers receiving a payment to satisfy a federal tax liability due to amounts received from a civil action against electric companies.