

April 15, 2025

Position on Bills at 2025 Session of Oregon Legislature:

SB 1205: Support



The Consolidated Oregon Indivisible Network (COIN) is a coalition of over 50 local Indivisible groups throughout Oregon that cooperate and amplify their joint efforts to advance important federal and state legislation and engage with elected officials to promote causes for the benefit of all Oregonians.

COIN supports SB 1205, which would extend the sunset for the personal income tax subtraction for amounts received in resolution of a civil action arising from wildfire.

Under current federal law, such money is considered taxable income to the extent that it exceeds the recipient's basis in the property that was damaged. No doubt many victims of Oregon wildfires have quite low bases in their dwellings and other properties acquired years or decades ago. Without this bill, a considerable part of the compensation they receive for property damage would be considered taxable income (capital gain) for both federal and state income tax purposes. With this bill, those amounts are not taxable income for state income tax purposes.

The Oregon Legislature in 2024 enacted the similar SB 1520, which limited the income exclusion to compensation received for wildfires for which "declarations and executive orders issued on or after January 1, 2018, and before January 1, 2026, and, notwithstanding ORS 315.037, to amounts received in all tax years beginning on or after January 1, 2018." This might be interpreted as not applying the income exclusion to compensation received due to wildfires occurring after on or after January 1, 2026.

SB 1205 extends that deadline for two years, to January 1, 2028.

The Staff Measure Summary is not clear. It twice states that the bill creates or extends "a personal income tax subtraction." The bill does not allow a "personal income tax subtraction." It allows a personal income exclusion from taxation. It allows subtractions from the federal calculation of a person's taxable income, not from their "tax."

The bill cannot change anyone's federal income tax liability, but the federal calculation feeds into the applicable Oregon tax forms.

Consolidated Oregon Indivisible Network (COIN)

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