

D R A F T

SUMMARY

Requires addition to federal taxable income of amounts excluded as gain attributable to investment in federal qualified opportunity zone. Allows subtraction in later tax year if gain is temporarily deferred at federal level.

Directs Legislative Revenue Officer, after study and consultation with interested parties, to report to Legislative Assembly on operation and effectiveness of federal opportunity zone program and to make recommendations, if appropriate, for legislation intended to achieve partial reconnection to federal opportunity zone program.

Applies to tax years beginning on or after January 1, 2020.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to opportunity zones; and prescribing an effective date.

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

4 **SECTION 1. Section 2 of this 2020 Act is added to and made a part**
5 **of ORS chapter 316.**

6 **SECTION 2. (1) There shall be added to federal taxable income for**
7 **Oregon tax purposes any gain that is excluded from federal taxable**
8 **income under section 1400Z-2 of the Internal Revenue Code for the tax**
9 **year.**

10 **(2) Any amount added to federal taxable income for Oregon tax**
11 **purposes under subsection (1) of this section that under section 1400Z**
12 **of the Internal Revenue Code is temporarily deferred gain may there-**
13 **after be subtracted from federal taxable income for Oregon tax pur-**
14 **poses for the year in which the amount is includible in federal taxable**
15 **income under section 1400Z-2(b) of the Internal Revenue Code.**

1 **(3) Any adjustment in basis of opportunity zone property allowed**
2 **under section 1400Z of the Internal Revenue Code for federal tax pur-**
3 **poses shall be disregarded for Oregon tax purposes.**

4 **SECTION 3.** **Section 4 of this 2020 Act is added to and made a part**
5 **of ORS chapter 317.**

6 **SECTION 4.** **(1) There shall be added to federal taxable income for**
7 **Oregon tax purposes any gain that is excluded from federal taxable**
8 **income under section 1400Z-2 of the Internal Revenue Code for the tax**
9 **year.**

10 **(2) Any amount added to federal taxable income for Oregon tax**
11 **purposes under subsection (1) of this section that under section 1400Z**
12 **of the Internal Revenue Code is temporarily deferred gain may there-**
13 **after be subtracted from federal taxable income for Oregon tax pur-**
14 **poses for the year in which the amount is includible in federal taxable**
15 **income under section 1400Z-2(b) of the Internal Revenue Code.**

16 **(3) Any adjustment in basis of opportunity zone property allowed**
17 **under section 1400Z of the Internal Revenue Code for federal tax pur-**
18 **poses shall be disregarded for Oregon tax purposes.**

19 **SECTION 5.** **Sections 2 and 4 of this 2020 Act apply to tax years**
20 **beginning on or after January 1, 2020.**

21 **SECTION 6.** **(1) The Legislative Revenue Officer shall study the op-**
22 **eration and effectiveness of the federal opportunity zone program.**

23 **(2) In conducting the study required by subsection (1) of this sec-**
24 **tion, the officer shall consult with members of the Legislative As-**
25 **sembly and with individuals representing the following:**

- 26 **(a) Labor organizations;**
- 27 **(b) Private equity concerns;**
- 28 **(c) Tax policy advocates;**
- 29 **(d) Tax practitioners;**
- 30 **(e) Community development organizations; and**
- 31 **(f) Local governments.**

1 **(3) The officer shall report findings to an interim committee of the**
2 **Legislative Assembly related to revenue in the manner provided by**
3 **ORS 192.245 no later than November 1, 2020. The report may include**
4 **any recommendations, if appropriate, by the officer for legislation in-**
5 **tended to achieve partial reconnection of Oregon statutes to the fed-**
6 **eral opportunity zone program.**

7 **SECTION 7.** **This 2020 Act takes effect on the 91st day after the date**
8 **on which the 2020 regular session of the Eightieth Legislative Assem-**
9 **bly adjourns sine die.**

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