

# 2024 Oregon New Law Update

---

Hosted by: Daron Prara

# How to participate

Your camera and microphone will **not** be on.

Use Q&A to ask questions for presenter to answer.

Use chat function to communicate with other attendees.

# Presenters

Personal  
Income Tax

Daron Prara  
Robert Oakes

Agricultural  
Employer Overtime  
Tax Credit

Daron Prara

Corporations  
and Estates

Daron Prara  
Robert Oakes

# Agenda

- Personal Income Tax
- Corporations and Estates
- Agriculture Overtime
- On the Horizon

# Personal Income Tax

# HB 4034: Federal reconnect date

**December 31, 2023**

- Static tie: All federal laws **not** related to definition of taxable income
- Applies to all programs

# SB 1520: New subtractions

## **Wildfire litigation settlement or judgment: Income and legal fees**

- Civil action arising from wildfire
  - Governor-declared state of emergency; or
  - In area where Emergency Conflagration Act invoked; or
  - Federally-declared disaster
- Declared 2018 through 2025
  - Amend 2018 – 2020 by May 15, 2025

# SB 1520: New subtractions (continued)

## **Settlement or judgment income subtraction:**

- Included in federal taxable income
- Not for losses, expenses, or other damages for which compensation received from insurance, etc.
- Subtraction code 312

## **Legal fees subtraction:**

- Amount exceeding 2 percent of adjusted gross income (AGI)
- Not already deducted
- Subtraction code 313



# First-time Home Buyer Savings Accounts (FTHBSA) – What are they?

- Support first-time home buyers
- Allow contributions and earnings to be subtracted from Oregon income when filing state return
- Funds must be used within 10 years
- Addition and penalty for nonqualified withdrawal

# How is the subtraction changing?

Beginning with 2024, subtraction limits adjusted for inflation

- New OAR 150-316-0608

If your filing status is:	and your federal AGI is:		then your maximum allowable FTHBSA subtraction is:
	At least –	but less than –	
<b>Married filing jointly</b>	0	\$149,000	\$11,865
	\$149,000	\$158,000	\$9,495
	\$158,000	\$167,000	\$7,120
	\$167,000	\$176,000	\$4,750
	\$176,000	\$187,000	\$2,375
	\$187,000 or more		0
<b>All others</b>	0	\$104,000	\$5,935
	\$104,000	\$111,000	\$4,750
	\$111,000	\$117,000	\$3,560
	\$117,000	\$123,000	\$2,375
	\$123,000	\$131,000	\$1,190
	\$131,000 or more		0

# SB 1527: FTHBSA changes

- Eliminates requirements for financial institutions
- Taxpayers designate account at any financial institution as FTHBSA
- May designate beneficiary to receive funds
- One FTHBSA at a time for both taxpayer and beneficiary
- Begins January 1, 2025

# Form OR-HOME

- Designate account as FTHBSA
- Designate beneficiary to receive funds
- Do not file - keep with tax records
- Continue to claim subtraction using code 361

# HB 2071 (2023): New credit

## **Publicly-supported housing (PuSH) sales**

- Owner sells PuSH to buyer who agrees to continue for 30 years
- Buyer reserves credit at Oregon Housing and Community Services (OHCS)
- Seller claims certified credit – code 875
  - Percentage of sale price
  - Three-year carryforward
  - Prorated for nonresident/part-year

# HB 2009 (2023): New credit

## **Semiconductor research**

- Research and development activities
- Available to individuals or owners of pass-through entities

More information from Corporations and Estates Division

# SB 1526: Applicability date corrections

- Short line railroad
- Pass-Through Entity Elective Tax (PTE-E)
- PuSH credit

# Other 2024 legislative changes

- SB 1526: Kicker percentage and guidance deadlines
- HB 4010: Physician Assistant changed to Physician *Associate*
- SB 1595: Increased protections from some types of garnishment



# Inflation adjustments for 2024

## **New: Maximum FTHBSA subtraction:**

Married filing jointly (MFJ) (joint account holders): \$11,865

Non-joint: \$5,935

**Exemption credit: \$249**

**Federal tax liability subtraction: \$8,250**

## **Standard deduction:**

- MFJ/Qualifying surviving spouse (QSS): \$5,495
- Single/Married filing single (MFS): \$2,745
- Head of household (HH): \$4,420

## **529 or ABLE deposit credit:**

- \$360 MFJ
- \$180 all others

## **Oregon Kids Credit:**

- Modified adjusted gross income (AGI) phaseout: \$25,750
- Maximum credit: \$1,000

# Tax Education for Students

Department of Revenue (DOR) staff presenting in high schools through spring 2025

## Learning objectives:

- Purpose of income tax
- How to file a return
- How credits and subtractions work
- Withholding and Form OR-W-4
- How to contact DOR

# Direct File Options

## Direct File Oregon

- Free and secure way to electronically file a return with DOR
- Available for full-year Oregon residents
- File both original and amended returns
- Available on Revenue Online
- For more information, see our Direct File Oregon webpage:  
[www.oregon.gov/dor/programs/individuals/pages/direct\\_file\\_or.aspx](http://www.oregon.gov/dor/programs/individuals/pages/direct_file_or.aspx)

## IRS Direct File

- Free and secure way to electronically file a return with the IRS
- Limited based on income type, credits, and deductions claimed
- If you have a Revenue Online account, you can transfer your federal return information to Direct File Oregon to help prepare your Oregon return
- For more information, see IRS Direct File webpage: [www.irs.gov/filing/irs-direct-file](http://www.irs.gov/filing/irs-direct-file)

# Questions about Personal Income Tax?

SB 1 (2023)

Voluntary  
Self-Identification  
of Race and Ethnicity

# Voluntary Self- Identification (VSI) overview

- New form for collecting race and ethnicity info
- Filed with 2024 returns
- Oregon is first to do this

ORS 305.686 through  
305.688; ORS 316.366

# VSI purpose

- Help understand impact of state tax policies on all Oregonians
- Inform legislative decisions based on data

# Form OR-VSI

- ORS 316.366, 314.688
- No name or taxpayer ID
  - First four letters on paper - keep pages together during processing
- Uses Oregon Health Authority's race, ethnicity, language, and disability "REALD" categories
- Joint filers complete separate forms



# Form OR-VSI

## Instructions

24 languages

# No filing requirement?

- ORS 316.366 (3)
- Enter information through Revenue Online
  - Logged in or non-logged in
- **No** separate paper forms accepted
- Use Revenue Online to change information filed with return

# VSI data storage

## **Strict requirements – ORS 305.686**

- Form and data **not** saved with return
- Data matched to return info within system during processing

### **Access tracked and limited to:**

DOR Research staff with need to know

Other DOR staff by necessity

(mail room, IT, etc.)

Legislative Revenue Office

Office of Economic Analysis

# VSI data storage and use

## **Strict limitations – ORS 305.686**

Tax practitioners and software vendors:

- May use and retain data **only to extent necessary** to assist taxpayers in preparing and filing returns
- **Cannot use or allow use for any other reason**

Refer to Code of Professional Conduct for guidance

# PROHIBITED uses

**ORS 305.686; notes following ORS 305.688**

Data **cannot** be shared with:

- DOR Audit or Collections staff
- “Commercial interests”
- The IRS

# VSI data usage

## **Limited use – ORS 305.687**

- Develop racial impact statements
- Analyze proposed administrative rules and budget requests
- Respond to information requests from legislature

Data in reports must be:

- Aggregated
- Anonymous

# VSI annual report

- Notes following ORS 314.688
- DOR to report to legislature each September:
- Implementation status
- Use of data collected
- Effectiveness of data security measures
- September 2024 report: [www.oregon.gov/dor/pages/leg-reports.aspx](http://www.oregon.gov/dor/pages/leg-reports.aspx)

# How to help with participation

- Be informed
- Inform clients
- Respect client's choice
- Don't make decisions about participation on client's behalf
- Ensure clients understand your role and rules about usage
- Share concerns with DOR: [orvoluntary.selfid@dor.oregon.gov](mailto:orvoluntary.selfid@dor.oregon.gov)



# Questions about VSI?

[www.oregon.gov/dor/programs/individuals/pages/self-identification.aspx](http://www.oregon.gov/dor/programs/individuals/pages/self-identification.aspx)

# Corporations and Estates

# SB 498 (2023): Estate tax exemption

- ORS 118.145
- Natural resource property
  - Farming, forestry, or fishing business
- Decedent passed away on or after July 1, 2023
- New OAR 150-118-0115
  - Qualifying property, estate
  - Transfers
  - Material participation
- Contact us: [estate.help.dor@dor.oregon.gov](mailto:estate.help.dor@dor.oregon.gov)

# HB 2009 (2023): New credit

## **Semiconductor research ORS 315.518 – 315.519**

- Increased research and development activities
- Qualified semiconductor business
- Based on Internal Revenue Code section 41
- Certified by Business Oregon
- Tax years beginning on or after 1/1/2024
- Five-year carryforward, partially refundable
- OAR 150-315-0195
- Contact us: [corp.help.dor@dor.oregon.gov](mailto:corp.help.dor@dor.oregon.gov)

# HB 2009 (2023): New credit (continued)

**Schedule OR-RESEARCH**

Must be filed with return

# Questions about Corporations and Estates?

Break time

# Agricultural Employer Overtime Tax Credit



# HB 4002 (2022): Mandatory overtime for agricultural employees

- Third year of phase-in period
- ORS 653.272: Overtime (OT) must be paid for hours worked over threshold per week
- Tax credit to offset costs during phase-in (code 901)
- HB 2058 (2023): Repayable award for qualifying ag employer (must qualify/apply for credit) – [www.oregon4biz.com](http://www.oregon4biz.com)

# About the Agricultural Employer Overtime Tax Credit

- North American Industry Classification System (NAICS) code 111 or 112
- Percentage of OT wages paid to qualifying employees
- Decreases over phase-in period
- \$55 million total credit available per year
- Apply through Revenue Online **in January only**
  - Set up account early (if don't already have one)

# About the Agricultural Employer Overtime Tax Credit (continued)

Automatic filing extension for all applicants, not and extension to pay

- Allows time to process applications
- If more than \$55 million claimed, all credits reduced
- Letter of Acknowledgment mailed out by June 1

Credit **percentage** based on industry sector and number of full-time equivalent (FTE) employees

Credit **amount** based on OT portion of wages paid for hours worked beyond threshold by qualified employees

# Agricultural Employer Overtime Tax Credit: Who doesn't qualify

## **Workers who don't qualify:**

- Employer's parent, spouse, child, other immediate family
- Office, retail, other administrative employees
- Individuals described in ORS 653.020 (1) (workers who aren't subject to state minimum wage standards)

## **Employers who don't qualify:**

- Farm labor contractors (FLCs) who don't have their own farming operation
- No OT wages paid in NAICS codes 111 or 112

# Agricultural Employer Overtime Tax Credit table

	<b>Tax credit as a percentage of overtime paid</b>				
Year	Overtime threshold	More than 50 FTE*	26 to 50 FTE* & dairies with more than 25 FTE*	Not more than 25 FTE	Dairies with not more than 25 FTE*
2023	55 hours	60%	75%	90%	100%
2024	55 hours	60%	60%	80%	100%
2025	48 hours	45%	60%	80%	100%
2026	48 hours	30%	50%	60%	100%
2027	40 hours	15%	50%	60%	100%
2028	40 hours	15%	50%	60%	100%

\*FTE is full-time equivalent

# Agricultural Employer Overtime Tax Credit Application

Revenue Online – link available January 1 under Account or **View More**

Look for the  
Application Link or “View More”

# What to have on hand

- Tax information
- Information about farming business
  - Federal employer identification number (FEIN), NAICS code, license number
- Employee information
  - Number of employees
  - Regular and overtime hours worked
  - Wages paid for overtime worked
    - Over 55 hours per week in 2024

# Understanding base wages vs. OT wages

- Many applications filed with base wages included in eligible OT wages
- OT portion is the .5 of the 1.5 wages
- Example:

The regular rate paid to an employee is \$15 an hour. Collectively, employees worked 1,000 regular hours and 100 overtime hours. Overtime is calculated as \$15 (regular rate) times 1.5, which equals \$22.50. The overtime portion is calculated as \$22.50 minus \$15 = \$7.50. The overtime portion is \$7.50 times 100 overtime hours, which equals \$750. For this question you will enter \$750.



# Understanding FLC wages

## FLC wages included in eligible wages

- Employers that **also** do business as an FLC included all OT wages
- Hours and OT wages need to be separated if work is not performed on their farm
- Employers using the FLC will claim the hours and OT wages paid in their application

# Understanding ROL account access

## PTE account access

- Must have a prior year tax return, or letter issued to entity
- PTEs do not have prior year income tax return
- PTEs need to request an introduction letter
- Mailing time can take a week or more

# Application Section F for PTEs

PTE named PTE as recipient of pass-through credit

- PTEs completed Section F, PTE members and shareholders, with filing entity's name
- Complete Section F with member or shareholder information only
- If member or shareholder information not available, file Form OR-TFR

# Application attachments section

- You hired or contracted employees with H2A Program
- You contracted with FLCs
- Any documents you would like the department to consider

# Submitting your application

- Submit button will become active
- Click submit button

# For more information

- Webpage
- Email updates
- Social media
- In-person events  
in 2025

# Communicating with the agricultural OT Team

Tax credit questions can be sent to: [Ag.Overtime@dor.oregon.gov](mailto:Ag.Overtime@dor.oregon.gov)

External Webpage:

[www.oregon.gov/dor/programs/businesses/Pages/ag-overtime](http://www.oregon.gov/dor/programs/businesses/Pages/ag-overtime)

(From our main page, click the Businesses section and follow the link under Resources)

Subscribe to Agricultural Overtime Update emails: [www.oregon.gov/dor](http://www.oregon.gov/dor)

(Under Contact and Follow Us at the bottom of the page)

Wage and hour questions can be sent to: [Ag.Overtime@boli.oregon.gov](mailto:Ag.Overtime@boli.oregon.gov)



# Questions about the Agricultural Employer Overtime Tax Credit?



# On the horizon

- Kicker treatment
- Federal changes

# Surplus refund (kicker) treatment in rules

Rule amendment in 2024

Credit for income taxes paid to another state – OAR 150-316-0084

- Added kicker to list of items **not** included in net tax amount

# Surplus refund (kicker) treatment in rules

Pending rule amendments in 2025

Surplus refund rule – OAR 150-291-0300

- SB 1526 changed October dates to November
- Last amended 2013 - includes outdated information
- Will be brought up to date with current procedures

# Surplus refund (kicker) treatment in rules Pending rule amendments in 2025 cont.

Interest on underpayment of estimated tax – OAR 150-316-0493

- Mechanism: Credited to taxpayer or State School Fund by DOR
- **Not** like ordinary tax credit
- **Not** included in calculation of required annual payment

# Kicker – final notes

Return for 2025 or later: separate section for kicker line

**Reminder:** Form 1099-G issued in January 2025 if:

- Kicker claimed or donated on 2023 return AND
- Taxpayer itemized on 2023 federal return

Form 1099-G available on Revenue Online

# Potential federal changes

Tax Cuts and Jobs Act – 2017

## **Expire after 2025 or extended?**

Direct effect on Oregon taxable income:

- State and local tax deduction (SALT) cap
  - Pass-through entity elective tax (PTE-E)
- Suspension of misc. itemized deductions subject to 2 percent AGI floor
  - Subtraction for wildfire settlement/judgment legal fees

# Potential federal changes

Direct effect (continued)

- Limits on personal casualty losses
  - State-declared disaster subtraction (2023)
- Suspended overall limit on itemized deductions
- Limit on noncorporate business losses
- Opportunity Zone (deferred capital gains)
- Moving expense deduction/exclusion

# Potential federal changes (continued)

## Tax Cuts and Jobs Act – 2017

### **Indirect** effect on Oregon taxable income (federal tax subtraction)

- Zero personal exemption deduction
- Increased standard deduction
- Tax rates and brackets
- Child tax credit/credit for other dependents (except dependents outside United States)

AGI: Single, MFS < \$75,000 MFJ, QSS < \$102,000 HH < \$90,000



Questions about potential changes?

**Do you have questions or need help?**

[www.oregon.gov/dor](http://www.oregon.gov/dor)

503-378-4988 or 800-356-4222

[questions.dor@dor.oregon.gov](mailto:questions.dor@dor.oregon.gov)

Contact us for ADA accommodations or assistance in other languages.