

## PASS-THROUGH TAX BREAK NET BENEFIT TO OREGON BUSINESS OWNERS

The 2017 federal tax overhaul created a new deduction for owners of pass-through entities. Senate Bill 1528 disconnects from this deduction, meaning Oregonians who take the federal deduction will need to add the income back on their state tax returns before calculating their state income tax. This table shows how much pass-through entities will save on their federal taxes as a result of the new deduction, as well as how their state tax liability is affected by SB 1528. As you can see, if SB 1528 is passed, pass-through entities of all sizes will still enjoy substantial tax savings, and the impact of SB 1528 is tiny in comparison to the federal deduction.

### 2018 FY Average Impact per Tax Return of Federal, State Changes to Treatment of Pass-through Entity Income, by Income Grouping

Income Group	New Federal Deduction for Pass-Through Entities	State Disconnection from New Federal Deduction (SB 1528)	Total Impact
Less than \$10,000	-\$22.64	\$0.00	-\$22.64
\$10,000 to \$20,000	-\$183.80	\$11.73	-\$172.07
\$20,000 to \$30,000	-\$388.19	\$13.09	-\$375.11
\$30,000 to \$40,000	-\$561.84	\$16.52	-\$545.31
\$40,000 to \$50,000	-\$696.33	\$21.32	-\$675.02
\$50,000 to \$70,000	-\$823.33	\$32.75	-\$790.59
\$70,000 to \$100,000	-\$1,217.58	\$46.12	-\$1,171.46
\$100,000 to \$200,000	-\$1,579.07	\$165.06	-\$1,414.01
\$200,000 to \$500,000	-\$2,109.65	\$412.95	-\$1,696.70
\$500,000 and over	-\$11,485.70	\$5,040.49	-\$6,445.22
Totals	-\$798.60	\$92.36	-\$706.24

SOURCE: LEGISLATIVE REVENUE OFFICE