

Lawmakers respond to tax overhaul

By Tom James
Associated Press

SALEM (AP) — Oregon legislators advanced a proposal Friday to partially separate state tax laws from federal codes and allow high earners to avoid some federal levies using charitable deductions, a move they said would soften the impact of President Donald Trump’s federal tax overhaul on the state.

The Senate Finance and Revenue Committee approved the proposal, which also included broadened tax breaks for some businesses and a tax break for individuals, on a 3-2 vote. The proposal, which must still be considered by the full Senate, would reverse any decline caused by the federal overhaul and create \$81 million in new revenue each two-year budget period. Senate Majority Leader Ginny Burdick said she supported the idea.

Sen. Brian Boquist, the Republican vice chair of the panel who voted against the bills, said he was concerned about the their impact on business in the state. He said legislators should wait to get a better idea of the impact of the overhaul before taking action.

A main focus of the proposal is responding to changes in how some types of business income are taxed under federal law following the passage of the recent federal tax overhaul, said state Sen. Mark Hass, the Democratic chairman of the committee.

Officially called the Tax Cuts and Jobs Act, the federal overhaul added a 20 percent tax deduction for income received by individuals through businesses, known as pass-through income, along with a broad suite of other changes to federal tax code. Because Oregon’s tax code uses federal taxable income as part of its calculations of how much individuals and families owe in state taxes, the tax breaks in the federal package are also set to reduce the amount residents have to pay the state.

While the yearly state revenue forecast has not been issued yet, Hass said the shortfall would amount to about \$55 million in yearly revenue. The proposal would stop the deduction included in the federal overhaul from being used to calculate state taxes.

Along with making some state tax rules independent

from federal rules, the proposal includes a new way for high earners to pay taxes in the state, getting around a limit on federal tax deductions by allowing some people to pay part of their state taxes via charitable donations.

While payments made for state taxes have typically been deductible in federal tax calculations, the federal overhaul sets a \$10,000 cap on those deductions. Under the Oregon proposal, state residents would be able to buy tax credits by donating to an educational fund administered by the state. They would be sold in a competitive auction modelled on tax credits available to filmmakers in the state.

The bill would also allow an additional category of small businesses affected by the change to qualify for a state tax break, and includes an increase in the state’s personal exemption tax credit, from \$200 to \$250, which Hass described as partly a move to make the measure more palatable for Republicans.

For his part, Boquist said that he would prefer to see a revenue-neutral proposal, rather than one generating new revenue.

Sergeant says he lied to stop man filming officers

PORTLAND (AP) — Oregon officials have released a memo with a statement from a Portland police sergeant where he acknowledged deliberately misrepresenting the law to keep a protester from filming him and claimed other officers do the same.

The statement by Sgt. Erin Smith is part of an investigation of a complaint filed by a Benjamin Kerensa who was filming police during a demonstration over the Dakota Access Pipeline in front of Portland fuel storages facilities in November 2016, *The Oregonian*/OregonLive reported Tuesday.

Kerensa’s complaint was investigated by the city’s Independent Police Review office.

It shared the outcome of the investigation with the Citizen Review Committee that handles citizen appeals of bureau findings on alleged police misconduct.

Smith is a 23-year Police Bureau veteran and street supervisor.

Last week, the Multnomah County District Attorney’s Office ordered a memo with

Smith’s statement be made public since it dealt with broad policy and training issues “of serious concern to citizens overseeing the police discipline process.”

The committee has asked police administrators to prevent officers from misinforming people about their right to film police.

Anika Bent-Albert, assistant director of the review office, told police on behalf of the citizen group, that they want to see that “any pervasive misunderstandings about the acceptability of this conduct are addressed immediately and decisively in officer training.”

A state law passed in 2015 allows people to video-record police from a public vantage point. Portland police has enacted new policy about the rights of bystanders to record officers’ actions in public.

Police Chief Danielle Outlaw told the citizen group in December that Smith violated bureau policy by misleading Kerensa on his rights and improperly threatening to arrest him.

Smith is expected to face discipline on those grounds.

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