

House Bill 3738

Sponsored by Representative SKARLATOS

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act makes a new tax subtraction for amounts received from retirement plans. (Flesch Readability Score: 63.4).

Creates an Oregon personal income tax subtraction for amounts received from retirement plans.

Applies to tax years beginning on or after January 1, 2026, and before January 1, 2032.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to an income tax subtraction for amounts received from retirement plans; and prescribing
3 an effective date.

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

5 **SECTION 1. Section 2 of this 2025 Act is added to and made a part of ORS chapter 316.**

6 **SECTION 2. (1) There shall be subtracted from federal taxable income any amount that**
7 **is properly reported as income on a taxpayer's federal income tax return and that is received**
8 **by the taxpayer from a retirement plan qualified under section 401(k) of the Internal Revenue**
9 **Code or from an individual retirement account described in section 408 of the Internal Re-**
10 **venue Code.**

11 **(2) A subtraction under this section is not allowed for any amount described in sub-**
12 **section (1) of this section that is taken into account as a deduction or credit on an income**
13 **tax return of the taxpayer, whether state or federal, for any tax year.**

14 **SECTION 3. Section 2 of this 2025 Act applies to tax years beginning on or after January**
15 **1, 2026, and before January 1, 2032.**

16 **SECTION 4. This 2025 Act takes effect on the 91st day after the date on which the 2025**
17 **regular session of the Eighty-third Legislative Assembly adjourns sine die.**

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NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.