

**DIVISION 310**  
**LEVY OF PROPERTY TAX; TAX REDUCTION PROGRAMS**

**150-310.630(8)(b)-(F)**

**Limitation of Losses in Computing Household Income**

To determine household income, each source of income (loss) must be considered separately. A business, a farm, rents, royalties, and income from the disposition of tangible or intangible property are separate sources of income or loss. To determine household income, combine all income or loss from each separate source. If any net loss results from such combination, the net loss is limited to \$1,000.

Example 1: In 1997, Elizabeth had retirement income of \$7,000, a farm loss of \$5,000 and a net operating loss deduction of \$2,000. Elizabeth's household income is figured below:

Retirement	\$ 7,000
Farm loss (limited to \$1,000)	(1,000)
Net operating loss deduction	<u>-0-</u>
Elizabeth's total household income	<u>\$ 6,000</u>

Net operating loss carrybacks or carryovers do not decrease household income for tax years beginning after December 31, 1981. In addition, the farm loss is limited to \$1,000.

Example 2: Assume the same facts as in Example 1 above. In addition to the farm loss, Elizabeth is a partner in a partnership. The partnership's main activity is farming. In 1997, the partnership had income of \$10,000. Elizabeth's share of the partnership income is \$6,000. Elizabeth's household income is figured below:

Retirement	\$ 7,000
Farm partnership income	\$6,000
Farm loss	(5,000)
Net farm income	1,000
Net operating loss deduction	<u>-0-</u>
Elizabeth's total household income	<u>\$ 8,000</u>

The farm income from the partnership is netted with Elizabeth's farm loss. This would also be the case if Elizabeth is a shareholder in an S Corporation that is primarily engaged in farming.

Stat. Auth.: ORS 305.100

Stats. Implemented: ORS 310.630

Hist.: 12-31-77; 12-31-78; 12-31-84; Renumbered from 150-310.630(8) to 150-310.630(8)-(A), 12-31-85; RD 10-1986, f. & cert. ef. 12-31-86, Renumbered from 150-310.630(8)-(A); Renumbered from 150-310.630(8)(b)-(F) to 150-310.630(7)(b)-(F); RD 5-1997, f. 12-12-97, cert. ef. 12-31-97; REV 8-2001, f. & cert. ef. 12-31-01; Renumbered from 310.630(7)(b)-(F)