

**SENATE AMENDMENTS TO
HOUSE BILL 2235
(INCLUDING AMENDMENTS TO RESOLVE CONFLICTS)**

By COMMITTEE ON FINANCE AND REVENUE

May 30

1 On page 1 of the printed bill, line 3, after “316.012,” insert “316.695.”

2 On page 3, after line 33, insert:

3 **“SECTION 4a. If Senate Bill 83 becomes law, section 4 of this 2007 Act (amending ORS**
4 **307.130) is repealed and ORS 307.130, as amended by section 75, chapter 70, Oregon Laws 2007**
5 **(Enrolled Senate Bill 83), is amended to read:**

6 “307.130. (1) As used in this section:

7 “(a) ‘Art museum’ means a nonprofit corporation organized to display works of art to the public.

8 “(b) ‘Internal Revenue Code’ means the federal Internal Revenue Code as amended and in effect
9 on December 31, [2004] **2006**.

10 “(c) ‘Nonprofit corporation’ means a corporation that:

11 “(A) Is organized not for profit, pursuant to ORS chapter 65 or any predecessor of ORS chapter
12 65; or

13 “(B) Is organized and operated as described under section 501(c) of the Internal Revenue Code.

14 “(d) ‘Volunteer fire department’ means a nonprofit corporation organized to provide fire pro-
15 tection services in a specific response area.

16 “(2) Upon compliance with ORS 307.162, the following property owned or being purchased by
17 art museums, volunteer fire departments, or incorporated literary, benevolent, charitable and scien-
18 tific institutions shall be exempt from taxation:

19 “(a) Except as provided in ORS 748.414, only such real or personal property, or proportion
20 thereof, as is actually and exclusively occupied or used in the literary, benevolent, charitable or
21 scientific work carried on by such institutions.

22 “(b) Parking lots used for parking or any other use as long as that parking or other use is
23 permitted without charge for no fewer than 355 days during the tax year.

24 “(c) All real or personal property of a rehabilitation facility or any retail outlet thereof, in-
25 cluding inventory. As used in this subsection, ‘rehabilitation facility’ means either those facilities
26 defined in ORS 344.710 or facilities which provide individuals who have physical, mental or emo-
27 tional disabilities with occupational rehabilitation activities of an educational or therapeutic nature,
28 even if remuneration is received by the individual.

29 “(d) All real and personal property of a retail store dealing exclusively in donated inventory,
30 where the inventory is distributed without cost as part of a welfare program or where the proceeds
31 of the sale of any inventory sold to the general public are used to support a welfare program. As
32 used in this subsection, ‘welfare program’ means the providing of food, shelter, clothing or health
33 care, including dental service, to needy persons without charge.

34 “(e) All real and personal property of a retail store if:

1 “(A) The retail store deals primarily and on a regular basis in donated and consigned inventory;

2 “(B) The individuals who operate the retail store are all individuals who work as volunteers;
3 and

4 “(C) The inventory is either distributed without charge as part of a welfare program, or sold to
5 the general public and the sales proceeds used exclusively to support a welfare program. As used
6 in this paragraph, ‘primarily’ means at least one-half of the inventory.

7 “(f) The real and personal property of an art museum that is used in conjunction with the public
8 display of works of art or used to educate the public about art, but not including any portion of the
9 art museum’s real or personal property that is used to sell, or hold out for sale, works of art, re-
10 productions of works of art or other items to be sold to the public.

11 “(g) All real and personal property of a volunteer fire department that is used in conjunction
12 with services and activities for providing fire protection to all residents within a fire response area.

13 “(3) An art museum or institution shall not be deprived of an exemption under this section solely
14 because its primary source of funding is from one or more governmental entities.

15 “(4) An institution shall not be deprived of an exemption under this section because its purpose
16 or the use of its property is not limited to relieving pain, alleviating disease or removing
17 constraints.”.

18 On page 13, after line 36, insert:

19 “**SECTION 13.** ORS 316.695 is amended to read:

20 “316.695. (1) In addition to the modifications to federal taxable income contained in this chapter,
21 there shall be added to or subtracted from federal taxable income:

22 “(a) If, in computing federal income tax for a taxable year, the taxpayer deducted itemized de-
23 ductions, as defined in section 63(d) of the Internal Revenue Code, the taxpayer shall add the amount
24 of itemized deductions deducted (the itemized deductions less an amount, if any, by which the item-
25 ized deductions are reduced under section 68 of the Internal Revenue Code).

26 “(b) If, in computing federal income tax for a taxable year, the taxpayer deducted the standard
27 deduction, as defined in section 63(c) of the Internal Revenue Code, the taxpayer shall add the
28 amount of the standard deduction deducted.

29 “(c)(A) From federal taxable income there shall be subtracted the larger of (i) the taxpayer’s
30 itemized deductions or (ii) a standard deduction. Except as provided in subsection (8) of this section,
31 for purposes of this subparagraph, ‘standard deduction’ means the sum of the basic standard de-
32 duction and the additional standard deduction.

33 “(B) For purposes of subparagraph (A) of this paragraph, the basic standard deduction is:

34 “(i) \$3,280, in the case of joint return filers or a surviving spouse;

35 “(ii) \$1,640, in the case of an individual who is not a married individual and is not a surviving
36 spouse;

37 “(iii) \$1,640, in the case of a married individual who files a separate return; or

38 “(iv) \$2,640, in the case of a head of household.

39 “(C)(i) For purposes of subparagraph (A) of this paragraph for tax years beginning on or after
40 January 1, 2003, the Department of Revenue shall annually recompute the basic standard deduction
41 for each category of return filer listed under subparagraph (B) of this paragraph. The basic standard
42 deduction shall be computed by dividing the [average] **monthly averaged** U.S. City Average Con-
43 sumer Price Index for the [second quarter of the current] **12 consecutive months ending August**
44 **31 of the prior** calendar year by the average U.S. City Average Consumer Price Index for the sec-
45 ond quarter of 2002, then multiplying that quotient by the amount listed under subparagraph (B) of

1 this paragraph for each category of return filer.

2 “(ii) If any change in the maximum household income determined under this subparagraph is not
3 a multiple of \$5, the increase shall be rounded to the next lower multiple of \$5.

4 “(iii) As used in this subparagraph, ‘U.S. City Average Consumer Price Index’ means the U.S.
5 City Average Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau
6 of Labor Statistics of the United States Department of Labor.

7 “(D) For purposes of subparagraph (A) of this paragraph, the additional standard deduction is
8 the sum of each additional amount to which the taxpayer is entitled under subsection (7) of this
9 section.

10 “(E) As used in subparagraph (B) of this paragraph, ‘surviving spouse’ and ‘head of household’
11 have the meaning given those terms in section 2 of the Internal Revenue Code.

12 “(F) In the case of the following, the standard deduction referred to in subparagraph (A) of this
13 paragraph shall be zero:

14 “(i) A husband or wife filing a separate return where the other spouse has claimed itemized
15 deductions under subparagraph (A) of this paragraph;

16 “(ii) A nonresident alien individual;

17 “(iii) An individual making a return for a period of less than 12 months on account of a change
18 in his or her annual accounting period;

19 “(iv) An estate or trust;

20 “(v) A common trust fund; or

21 “(vi) A partnership.

22 “(d) For the purposes of paragraph (c)(A) of this subsection, the taxpayer’s itemized deductions
23 are the sum of:

24 “(A) The taxpayer’s itemized deductions as defined in section 63(d) of the Internal Revenue Code
25 (reduced, if applicable, as described under section 68 of the Internal Revenue Code) minus the de-
26 duction for Oregon income tax (reduced, if applicable, by the proportion that the reduction in federal
27 itemized deductions resulting from section 68 of the Internal Revenue Code bears to the amount of
28 federal itemized deductions as defined for purposes of section 68 of the Internal Revenue Code); and

29 “(B) The amount that may be taken into account under section 213(a) of the Internal Revenue
30 Code, not to exceed seven and one-half percent of the federal adjusted gross income of the taxpayer,
31 if the taxpayer has attained the following age before the close of the taxable year, or, in the case
32 of a joint return, if either taxpayer has attained the following age before the close of the taxable
33 year:

34 “(i) For taxable years beginning on or after January 1, 1991, and before January 1, 1993, a tax-
35 payer must attain 58 years of age before the close of the taxable year.

36 “(ii) For taxable years beginning on or after January 1, 1993, and before January 1, 1995, a
37 taxpayer must attain 59 years of age before the close of the taxable year.

38 “(iii) For taxable years beginning on or after January 1, 1995, and before January 1, 1997, a
39 taxpayer must attain 60 years of age before the close of the taxable year.

40 “(iv) For taxable years beginning on or after January 1, 1997, and before January 1, 1999, a
41 taxpayer must attain 61 years of age before the close of the taxable year.

42 “(v) For taxable years beginning on or after January 1, 1999, a taxpayer must attain 62 years
43 of age before the close of the taxable year.

44 “(2)(a) There shall be subtracted from federal taxable income any portion of the distribution of
45 a pension, profit-sharing, stock bonus or other retirement plan, representing that portion of contri-

1 butions which were taxed by the State of Oregon but not taxed by the federal government under
2 laws in effect for tax years beginning prior to January 1, 1969, or for any subsequent year in which
3 the amount that was contributed to the plan under the Internal Revenue Code was greater than the
4 amount allowed under this chapter.

5 “(b) Interest or other earnings on any excess contributions of a pension, profit-sharing, stock
6 bonus or other retirement plan not permitted to be deducted under paragraph (a) of this subsection
7 shall not be added to federal taxable income in the year earned by the plan and shall not be sub-
8 tracted from federal taxable income in the year received by the taxpayer.

9 “(3)(a) Except as provided in paragraph (b) of this subsection and subsection (4) of this section,
10 there shall be added to federal taxable income the amount of any federal income taxes in excess of
11 \$5,500, accrued by the taxpayer during the taxable year as described in ORS 316.685, less the
12 amount of any refund of federal taxes previously accrued for which a tax benefit was received.

13 “(b) In the case of a husband and wife filing separate tax returns, the amount added shall be in
14 the amount of any federal income taxes in excess of \$2,750, less the amount of any refund of federal
15 taxes previously accrued for which a tax benefit was received.

16 “(c)(A) For a calendar year beginning on or after January 1, 2008, the Department of Revenue
17 shall make a cost-of-living adjustment to the federal income tax threshold amount described in par-
18 agraphs (a) and (b) of this subsection.

19 “(B) The cost-of-living adjustment for a calendar year is the percentage by which the monthly
20 averaged U.S. City Average Consumer Price Index for the 12 consecutive months ending August 31
21 of the prior calendar year exceeds the monthly averaged index for the period beginning September
22 1, 2005, and ending August 31, 2006.

23 “(C) As used in this paragraph, ‘U.S. City Average Consumer Price Index’ means the U.S. City
24 Average Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau of
25 Labor Statistics of the United States Department of Labor.

26 “(D) If any adjustment determined under subparagraph (B) of this paragraph is not a multiple
27 of \$50, the adjustment shall be rounded to the next lower multiple of \$50.

28 “(E) The adjustment shall apply to all tax years beginning in the calendar year for which the
29 adjustment is made.

30 “(4)(a) In addition to the adjustments required by ORS 316.130, a full-year nonresident individual
31 shall add to taxable income a proportion of any accrued federal income taxes as computed under
32 ORS 316.685 in excess of \$5,500 in the proportion provided in ORS 316.117.

33 “(b) In the case of a husband and wife filing separate tax returns, the amount added under this
34 subsection shall be computed in a manner consistent with the computation of the amount to be
35 added in the case of a husband and wife filing separate returns under subsection (3) of this section.
36 The method of computation shall be determined by the Department of Revenue by rule.

37 “(5) Subsections (3)(b) and (4)(b) of this section shall not apply to married individuals living
38 apart as defined in section 7703(b) of the Internal Revenue Code.

39 “(6)(a) For tax years beginning on or after January 1, 1981, and prior to January 1, 1983, income
40 or loss taken into account in determining federal taxable income by a shareholder of an S corpo-
41 ration pursuant to sections 1373 to 1375 of the Internal Revenue Code shall be adjusted for purposes
42 of determining Oregon taxable income, to the extent that as income or loss of the S corporation,
43 they were required to be adjusted under the provisions of ORS chapter 317.

44 “(b) For tax years beginning on or after January 1, 1983, items of income, loss or deduction
45 taken into account in determining federal taxable income by a shareholder of an S corporation

1 pursuant to sections 1366 to 1368 of the Internal Revenue Code shall be adjusted for purposes of
2 determining Oregon taxable income, to the extent that as items of income, loss or deduction of the
3 shareholder the items are required to be adjusted under the provisions of this chapter.

4 “(c) The tax years referred to in paragraphs (a) and (b) of this subsection are those of the S
5 corporation.

6 “(d) As used in paragraph (a) of this subsection, an S corporation refers to an electing small
7 business corporation.

8 “(7)(a) The taxpayer shall be entitled to an additional amount, as referred to in subsection
9 (1)(c)(A) and (D) of this section, of \$1,000:

10 “(A) For himself or herself if he or she has attained age 65 before the close of his or her taxable
11 year; and

12 “(B) For the spouse of the taxpayer if the spouse has attained age 65 before the close of the
13 taxable year and an additional exemption is allowable to the taxpayer for such spouse for federal
14 income tax purposes under section 151(b) of the Internal Revenue Code.

15 “(b) The taxpayer shall be entitled to an additional amount, as referred to in subsection (1)(c)(A)
16 and (D) of this section, of \$1,000:

17 “(A) For himself or herself if he or she is blind at the close of the taxable year; and

18 “(B) For the spouse of the taxpayer if the spouse is blind as of the close of the taxable year and
19 an additional exemption is allowable to the taxpayer for such spouse for federal income tax purposes
20 under section 151(b) of the Internal Revenue Code. For purposes of this subparagraph, if the spouse
21 dies during the taxable year, the determination of whether such spouse is blind shall be made im-
22 mediately prior to death.

23 “(c) In the case of an individual who is not married and is not a surviving spouse, paragraphs
24 (a) and (b) of this subsection shall be applied by substituting ‘\$1,200’ for ‘\$1,000.’

25 “(d) For purposes of this subsection, an individual is blind only if his or her central visual acuity
26 does not exceed 20/200 in the better eye with correcting lenses, or if his or her visual acuity is
27 greater than 20/200 but is accompanied by a limitation in the fields of vision such that the widest
28 diameter of the visual field subtends an angle no greater than 20 degrees.

29 “(8) In the case of an individual with respect to whom a deduction under section 151 of the
30 Internal Revenue Code is allowable for federal income tax purposes to another taxpayer for a tax-
31 able year beginning in the calendar year in which the individual’s taxable year begins, the basic
32 standard deduction (referred to in subsection (1)(c)(B) of this section) applicable to such individual
33 for such individual’s taxable year shall equal the lesser of:

34 “(a) The amount allowed to the individual under section 63(c)(5) of the Internal Revenue Code
35 for federal income tax purposes for the tax year for which the deduction is being claimed; or

36 “(b) The amount determined under subsection (1)(c)(B) of this section.”.

37 In line 37, delete “13” and insert “14”.

38 On page 15, line 6, delete “14” and insert “15”.

39 In line 7, delete “13” and insert “14”.

40 In line 18, delete “13” and insert “14”.

41 In line 23, delete “13” and insert “14”.

42 In line 26, delete “13” and insert “14”.

43 In line 35, delete “15” and insert “16”.

44 On page 17, line 4, delete “16” and insert “17”.

45 In line 24, delete “17” and insert “18”.

- 1 In line 31, delete "18" and insert "19".
- 2 In line 43, delete "19" and insert "20".
- 3 On page 19, line 20, delete "20" and insert "21".
- 4 On page 21, line 7, delete "21" and insert "22".
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