

# Senate Bill 902

Sponsored by Senator G GEORGE (at the request of Russell Walker, FreedomWorks)

## 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**.

Phases in elimination of taxation on capital gains.

### A BILL FOR AN ACT

1  
2 Relating to taxation of capital gains; creating new provisions; amending ORS 318.020; and repealing  
3 ORS 316.045 and 317.063.

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

5 **SECTION 1. Sections 2 and 3 of this 2007 Act are added to and made a part of ORS**  
6 **chapter 316.**

7 **SECTION 2. (1) For the tax year of the taxpayer beginning on or after January 1, 2009,**  
8 **and before January 1, 2010, notwithstanding ORS 316.037 (1), any gain that is treated as net**  
9 **capital gain for federal tax purposes and that is included in taxable income in this state shall**  
10 **be taxed at a rate of six percent.**

11 **(2) For the tax year of the taxpayer beginning on or after January 1, 2010, and before**  
12 **January 1, 2011, notwithstanding ORS 316.037 (1), any gain that is treated as net capital gain**  
13 **for federal tax purposes and that is included in taxable income in this state shall be taxed**  
14 **at a rate of four percent.**

15 **(3) For the tax year of the taxpayer beginning on or after January 1, 2011, and before**  
16 **January 1, 2012, notwithstanding ORS 316.037 (1), any gain that is treated as net capital gain**  
17 **for federal tax purposes and that is included in taxable income in this state shall be taxed**  
18 **at a rate of two percent.**

19 **SECTION 3. For the tax year of the taxpayer beginning on or after January 1, 2012,**  
20 **notwithstanding ORS 316.037 (1), any gain that is treated as net capital gain for federal tax**  
21 **purposes and that is included in taxable income in this state shall not be subject to tax.**

22 **SECTION 4. Sections 5 and 6 of this 2007 Act are added to and made a part of ORS**  
23 **chapter 317.**

24 **SECTION 5. (1) For the tax year of the taxpayer beginning on or after January 1, 2009,**  
25 **and before January 1, 2010, notwithstanding ORS 317.061, any gain that is treated as net**  
26 **capital gain subject to tax under ORS 317.061 shall be taxed at a rate of six percent.**

27 **(2) For the tax year of the taxpayer beginning on or after January 1, 2010, and before**  
28 **January 1, 2011, notwithstanding ORS 317.061, any gain that is treated as net capital gain**  
29 **subject to tax under ORS 317.061 shall be taxed at a rate of four percent.**

30 **(3) For the tax year of the taxpayer beginning on or after January 1, 2011, and before**  
31 **January 1, 2012, notwithstanding ORS 317.061, any gain that is treated as net capital gain**  
32 **subject to tax under ORS 317.061 shall be taxed at a rate of two percent.**

**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.

1       **SECTION 6.** For the tax year of the taxpayer beginning on or after January 1, 2012,  
2 notwithstanding ORS 317.061, any gain that is treated as net capital gain subject to tax under  
3 ORS 317.061 shall not be subject to tax.

4       **SECTION 7.** ORS 316.045 and 317.063 do not apply to tax years beginning on or after  
5 January 1, 2012.

6       **SECTION 8.** ORS 316.045 and 317.063 are repealed on January 2, 2014.

7       **SECTION 9.** Nothing in the repeal of ORS 316.045 and 317.063 by section 8 of this 2007  
8 Act affects the treatment of long-term capital gain that meets the requirements of ORS  
9 316.045 and 317.063 in a tax year beginning before January 1, 2012.

10       **SECTION 10.** ORS 318.020 is amended to read:

11       318.020. (1) There hereby is imposed upon every corporation for each taxable year a tax at the  
12 rate provided in ORS 317.061 upon its Oregon taxable income derived from sources within this state,  
13 other than income for which the corporation is subject to the tax imposed by ORS chapter 317 ac-  
14 cording to or measured by its Oregon taxable income.

15       (2) Income from sources within this state includes income from tangible or intangible property  
16 located or having a situs in this state and income from any activities carried on in this state, re-  
17 gardless of whether carried on in intrastate, interstate or foreign commerce.

18       [(3) *Income that constitutes net long-term capital gain described in ORS 317.063 shall be taxed at*  
19 *the rate imposed under ORS 317.063.*]

20       **SECTION 11.** The amendments to ORS 318.020 by section 10 of this 2007 Act become op-  
21 erative on January 2, 2014.  
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