

House Bill 2698

Sponsored by Representative RILEY

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**.

Requires addition to taxable income for Oregon tax purposes of contributions to employee stock ownership plans exempted from federal taxable income of employees and employers because of operation of certain federal laws. Requires corresponding subtraction from taxable income if amounts are included in federal taxable income in later tax year.

Applies to tax years beginning on or after January 1, 2010.

A BILL FOR AN ACT

1
2 Relating to tax expenditures; and providing for revenue raising that requires approval by a three-
3 fifths majority.

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

5 **SECTION 1. Section 2 of this 2009 Act is added to and made a part of ORS chapter 316.**

6 **SECTION 2. (1) To derive Oregon taxable income, there shall be added to federal taxable**
7 **income a positive amount equal to the difference between the amount of employer stock**
8 **ownership plan contributions made for the benefit of the taxpayer and exempted from the**
9 **taxpayer's income for federal tax purposes and the amount of income that would be attrib-**
10 **utable to the taxpayer for federal tax purposes if sections 401(a)(28), 404(a)(9), 404(k),**
11 **415(c)(6), 1042, 4975(e)(7), 4978 and 4979A of the Internal Revenue Code did not apply.**

12 **(2) To derive Oregon taxable income, there shall be subtracted from federal taxable in-**
13 **come any amount that was taken into account as an addition under subsection (1) of this**
14 **section in a prior tax year and that is included in federal taxable income for federal tax**
15 **purposes in the current tax year.**

16 **SECTION 3. Section 4 of this 2009 Act is added to and made a part of ORS chapter 317.**

17 **SECTION 4. (1) To derive Oregon taxable income, there shall be added to federal taxable**
18 **income a positive amount equal to the difference between the amount of employer stock**
19 **ownership plan contributions made by the taxpayer and exempted from the taxpayer's in-**
20 **come for federal tax purposes and the amount of income that would be attributable to the**
21 **taxpayer for federal tax purposes if sections 401(a)(28), 404(a)(9), 404(k), 415(c)(6), 1042,**
22 **4975(e)(7), 4978 and 4979A of the Internal Revenue Code did not apply.**

23 **(2) To derive Oregon taxable income, there shall be subtracted from federal taxable in-**
24 **come any amount that was taken into account as an addition under subsection (1) of this**
25 **section in a prior tax year and that is included in federal taxable income for federal tax**
26 **purposes in the current tax year.**

27 **SECTION 5. Sections 2 and 4 of this 2009 Act apply to tax years beginning on or after**
28 **January 1, 2010.**

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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.