

House Bill 3115

Sponsored by Representative BUCKLEY (at the request of Oregon Revenue Coalition)

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 certain income otherwise excluded from federal taxable income. Imposes property tax on tangible or intangible property, property rights or property interests in or related to Pacific Northwest AC Intertie and referenced in certain agreements.

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

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

A BILL FOR AN ACT

1 Relating to taxation; creating new provisions; amending ORS 307.090 and 316.027 and section 4,
2 chapter 405, Oregon Laws 1981; repealing ORS 307.182; and providing for revenue raising that
3 requires approval by a three-fifths majority.
4

5 Whereas the people of Oregon have repeatedly expressed their desire for the Legislative As-
6 sembly to follow clear priorities; and

7 Whereas the priorities established by the people of Oregon are the adequate funding of educa-
8 tion, human services and public safety; and

9 Whereas tax expenditures, commonly known as "tax breaks," that are currently provided to a
10 minority of Oregon taxpayers have grown to such a level that we cannot afford to fund those ser-
11 vices given highest priority by the vast majority of the residents of our state; and

12 Whereas it is necessary to review all current tax expenditures and eliminate those that serve
13 a minority of taxpayers at the expense of the needs and priorities of the majority of residents; now,
14 therefore,

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

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

17 **SECTION 2. To derive Oregon taxable income, there shall be added to federal taxable
18 income the amount excluded from federal taxable income for federal tax purposes under
19 section 911 of the federal Internal Revenue Code.**

20 **SECTION 3. Section 2 of this 2009 Act applies to tax years beginning on or after January
21 1, 2010.**

22 **SECTION 4. Section 5 of this 2009 Act is added to and made a part of ORS chapter 317.**

23 **SECTION 5. To derive Oregon taxable income, there shall be added to federal taxable
24 income the amount excluded from federal taxable income for federal tax purposes under
25 sections 861 to 863 and 865 of the federal Internal Revenue Code.**

26 **SECTION 6. Section 5 of this 2009 Act applies to tax years beginning on or after January
27 1, 2010.**

28 **SECTION 7. Section 8 of this 2009 Act is added to and made a part of ORS chapter 317.**

29 **SECTION 8. To derive Oregon taxable income, there shall be added to federal taxable**

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 income the amount excluded from federal taxable income for federal tax purposes under
 2 sections 114 and 941 of the federal Internal Revenue Code.

3 SECTION 9. Section 8 of this 2009 Act applies to tax years beginning on or after January
 4 1, 2010.

5 SECTION 10. Section 11 of this 2009 Act is added to and made a part of ORS chapter 316.

6 SECTION 11. To derive Oregon taxable income, there shall be added to federal taxable
 7 income the amount excluded from federal taxable income for federal tax purposes under
 8 section 422 of the federal Internal Revenue Code.

9 SECTION 12. Section 11 of this 2009 Act applies to tax years beginning on or after Jan-
 10 uary 1, 2010.

11 SECTION 13. Section 14 of this 2009 Act is added to and made a part of ORS chapter 317.

12 SECTION 14. To derive Oregon taxable income, there shall be added to federal taxable
 13 income the amount excluded from federal taxable income for federal tax purposes under
 14 sections 72, 101, 7702 and 7702A of the federal Internal Revenue Code.

15 SECTION 15. Section 14 of this 2009 Act applies to tax years beginning on or after Jan-
 16 uary 1, 2010.

17 SECTION 16. Section 17 of this 2009 Act is added to and made a part of ORS chapter 316.

18 SECTION 17. To derive Oregon taxable income, there shall be added to federal taxable
 19 income the amount excluded from federal taxable income for federal tax purposes under
 20 section 1031 of the federal Internal Revenue Code.

21 SECTION 18. Section 17 of this 2009 Act applies to tax years beginning on or after Jan-
 22 uary 1, 2010.

23 SECTION 19. Section 20 of this 2009 Act is added to and made a part of ORS chapter 317.

24 SECTION 20. To derive Oregon taxable income, there shall be added to federal taxable
 25 income the amount excluded from federal taxable income for federal tax purposes under
 26 section 1031 of the federal Internal Revenue Code.

27 SECTION 21. Section 20 of this 2009 Act applies to tax years beginning on or after Jan-
 28 uary 1, 2010.

29 SECTION 22. Section 23 of this 2009 Act is added to and made a part of ORS chapter 317.

30 SECTION 23. To derive Oregon taxable income, there shall be added to federal taxable
 31 income the amount excluded from federal taxable income for federal tax purposes under
 32 section 954 of the federal Internal Revenue Code.

33 SECTION 24. Section 23 of this 2009 Act applies to tax years beginning on or after Jan-
 34 uary 1, 2010.

35 SECTION 25. ORS 316.027 is amended to read:

36 316.027. [(1)] For purposes of this chapter, unless the context requires otherwise:

37 [(a)] (1) "Resident" or "resident of this state" means:

38 [(A)] (a) An individual who is domiciled in this state unless the individual:

39 [(i)] (A) Maintains no permanent place of abode in this state;

40 [(ii)] (B) Does maintain a permanent place of abode elsewhere; and

41 [(iii)] (C) Spends in the aggregate not more than 30 days in the taxable year in this state; or

42 [(B)] (b) An individual who is not domiciled in this state but maintains a permanent place of
 43 abode in this state and spends in the aggregate more than 200 days of the taxable year in this state
 44 unless the individual proves that the individual is in the state only for a temporary or transitory
 45 purpose.

1 [(b) "Resident" or "resident of this state" does not include:]

2 [(A) An individual who is a qualified individual under section 911(d)(1) of the Internal Revenue
3 Code for the tax year;]

4 [(B) A spouse of a qualified individual under section 911(d)(1) of the Internal Revenue Code, if the
5 spouse has a principal place of abode for the tax year that is not located in this state; or]

6 [(C) A resident alien under section 7701(b) of the Internal Revenue Code who would be considered
7 a qualified individual under section 911(d)(1) of the Internal Revenue Code if the resident alien were
8 a citizen of the United States.]

9 (2) For purposes of subsection [(1)(a)(B)] (1)(b) of this section, a fraction of a calendar day shall
10 be counted as a whole day.

11 **SECTION 26. The amendments to ORS 316.027 by section 25 of this 2009 Act apply to tax
12 years beginning on or after January 1, 2010.**

13 **SECTION 27. ORS 307.182 is repealed on January 2, 2014.**

14 **SECTION 28.** Section 4, chapter 405, Oregon Laws 1981, as amended by section 1, chapter 169,
15 Oregon Laws 1985, section 4, chapter 748, Oregon Laws 1995, section 4, chapter 67, Oregon Laws
16 2001, section 13, chapter 114, Oregon Laws 2001, and section 8, chapter 509, Oregon Laws 2001, is
17 amended to read:

18 **Sec. 4.** ORS 307.182 applies to tax years beginning on or after July 1, 1981, and prior to July
19 1, [2012] 2011.

20 **SECTION 29. Section 30 of this 2009 Act is added to and made a part of ORS chapter 316.**

21 **SECTION 30. (1) If mortgage interest is taken as a deduction in computing federal tax-
22 ble income for federal tax purposes, excess mortgage interest shall be added to federal tax-
23 able income in computing Oregon taxable income under this chapter.**

24 **(2) Excess mortgage interest for a tax year shall be computed in accordance with the
25 following table:**

28 If the taxpayer's	The taxpayer's
29 federal adjusted	excess mortgage
30 gross income is:	interest is:
31	
32 \$125,000 or	Interest
33 more, but less	attributable to
34 than \$150,000	total amount of
35	mortgage loans in
36	excess of \$200,000
37	
38 \$150,000 or	Interest
39 more, but less	attributable to
40 than \$200,000	total amount of
41	mortgage loans in
42	excess of \$100,000
43	
44 \$200,000 or	Interest
45 more, but less	attributable to

1	than \$250,000	total amount of
2		mortgage loans in
3		excess of \$50,000
4		
5	\$250,000 or more	All mortgage
6		interest

(3) For purposes of subsection (2) of this section, to determine the amount of mortgage interest attributable to mortgage loan amounts of more than a threshold amount, multiply the total amount of interest paid during the tax year by the ratio of (total amount of mortgage loans – threshold amount) / total amount of mortgage loans.

(4) As used in this section:

(a) “Threshold amount” means the maximum total amount of mortgage loans for which interest paid during the tax year remains fully deductible for Oregon tax purposes.

(b) “Total amount of mortgage loans” means the total amount of principal on all loans for which the taxpayer is claiming a deduction under section 163 of the Internal Revenue Code because the interest is qualified residence interest under section 163(h)(3) of the Internal Revenue Code.

SECTION 31. Section 30 of this 2009 Act applies to tax years beginning on or after January 1, 2010.

SECTION 32. ORS 307.090 is amended to read:

307.090. (1) Except as provided by law, all property of the state and all public or corporate property used or intended for corporate purposes of the several counties, cities, towns, school districts, irrigation districts, drainage districts, ports, water districts, housing authorities and all other public or municipal corporations in this state, is exempt from taxation.

(2) Any city may agree with any school district to make payments in lieu of taxes on all property of the city located in any such school district, and which is exempt from taxation under subsection (1) of this section when such property is outside the boundaries of the city and owned, used or operated for the production, transmission, distribution or furnishing of electric power or energy or electric service for or to the public.

[(3)(a) Notwithstanding ORS 308.505 to 308.665, the property described in paragraph (b) of this subsection is exempt from taxation if the owner of the property described in paragraph (b) of this subsection is a city or public entity of a state other than Oregon and the city or public entity does not own a fee title interest in any real property in Oregon.]

[(b) The property that is subject to exemption under paragraph (a) of this subsection is tangible or intangible property, property rights or property interests in or related to the Pacific Northwest AC Intertie, as referenced in a written capacity ownership agreement executed before November 4, 2005, between the United States Department of Energy and the city or public entity described in paragraph (a) of this subsection.]

SECTION 33. The amendments to ORS 307.090 by section 32 of this 2009 Act apply to property tax years beginning on or after July 1, 2010.