

# House Bill 3282

Sponsored by Representative BREWER; Senator STARR

## 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**.

Permits taxpayer to defer recognition of long term capital gains if taxpayer invests in certain businesses.

Applies to tax years beginning on or after January 1, 2011.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to tax deferrals for investments in certain businesses; and prescribing an effective date.

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

4 **SECTION 1. Section 2 of this 2011 Act is added to and made a part of ORS chapter 314.**

5 **SECTION 2. (1) As used in this section:**

6 (a) "Equipment" means property as described in section 1245(a)(3) of the Internal Re-  
7 venue Code that is tangible personal property used in an Oregon business.

8 (b) "Oregon business" has the meaning given that term in ORS 470.050.

9 (c) "Oregon investment" means an investment in Oregon business, equipment or  
10 workforce.

11 (d) "Workforce" means salaries, wages and benefits paid to employees of the taxpayer for  
12 service performed in this state.

13 (2) A taxpayer who has income for federal income tax purposes from the sale or other  
14 disposition of a capital asset may defer recognition of all or part of long term capital gain  
15 in determining the taxes imposed under this chapter or ORS chapter 316, 317 or 318 if an  
16 amount equal to the gain is invested in an Oregon investment during the tax year. This  
17 deferral may be continued as long as the Oregon investment is maintained.

18 (3) A taxpayer meeting the requirements of subsection (2) of this section and seeking  
19 deferral shall file an application for the deferral with the Department of Revenue at the time  
20 the taxpayer files the tax return for the tax year for which deferral is sought.

21 (4) The department may require the taxpayer to provide proof of eligibility for the  
22 deferral granted by this section.

23 (5) Deferral may be granted under this section only if the taxpayer:

24 (a) Has timely filed the taxpayer's tax return for the tax year; and

25 (b) Has paid any amount of tax due that is not eligible for deferral under subsection (2)  
26 of this section for the tax year.

27 (6) If the taxpayer meets the requirements for deferral under this section, the depart-  
28 ment shall grant the deferral.

29 (7) The basis of the taxpayer in the Oregon investment shall be reduced by the amount  
30 of gain deferred under this section.

**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           **(8) The department may adopt rules and prescribe any forms necessary to administer the**  
2 **deferral program created by this section.**

3           **SECTION 3.** **Section 2 of this 2011 Act applies to tax years beginning on or after January**  
4 **1, 2011.**

5           **SECTION 4.** **This 2011 Act takes effect on the 91st day after the date on which the 2011**  
6 **regular session of the Seventy-sixth Legislative Assembly adjourns sine die.**

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