

# Senate Bill 166

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## 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**.

Temporarily increases interest rates for tax deficiencies or delinquencies. Establishes Revenue Systems Replacement Fund. Deposits additional moneys received as interest by Department of Revenue in fund. Appropriates moneys in fund to department for systems replacement.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to interest on tax deficiencies or delinquencies; creating new provisions; amending ORS  
3 305.220; appropriating money; and prescribing an effective date.

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

5 **SECTION 1.** ORS 305.220 is amended to read:

6 305.220. (1) Unless specifically provided otherwise by statute or by rule of the Director of the  
7 Department of Revenue adopted pursuant to subsection (3) of this section, every deficiency or de-  
8 linquency arising under any law administered by the Department of Revenue shall bear simple in-  
9 terest at the rate of five-sixths of one percent per month or fraction thereof.

10 (2) Unless specifically provided otherwise by statute or by rule of the director adopted pursuant  
11 to subsection (3) of this section, every refund arising under any law administered by the department  
12 shall, subject to subsections (3) and (5) of this section and ORS 305.222, bear simple interest at the  
13 rate of five-sixths of one percent per month, or fraction thereof.

14 (3)(a) If the director determines that the rates of interest for deficiencies, delinquencies and re-  
15 funds established in subsections (1) and (2) of this section are at least one percentage point more  
16 or less than the prevailing rates of interest established by the Internal Revenue Service for under-  
17 payments arising under the federal tax laws to which one percentage point has been added, the di-  
18 rector may adopt, by rule, adjusted interest rates. The director shall not adopt adjusted interest  
19 rates more than once in a calendar year. Notice of intent to adopt adjusted interest rates shall be  
20 given in the manner provided in ORS 183.335, not less than three months before the proposed ef-  
21 fective date of the adjusted rates.

22 (b) In establishing the adjusted interest rates to be adopted under this subsection:

23 (A) The director shall take into consideration the current interest rates established by the  
24 Internal Revenue Service for underpayments arising under the federal tax laws.

25 (B) To any interest amount determined by taking into consideration the current interest rates  
26 established by the Internal Revenue Service for underpayments under subparagraph (A) of this par-  
27 agraph, which interest amount shall be expressed at a rate per month or fraction thereof, there shall  
28 be added one-twelfth of one percent.

29 (4) **Except as provided in subsection (7) of this section**, if the director adopts an adjusted

**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 interest rate for deficiencies and delinquencies, the director shall adopt an adjusted interest rate for  
 2 refunds that is equal to the adjusted interest rate for deficiencies and delinquencies.

3 (5) Any change in the rate of interest applicable to deficiencies, delinquencies or refunds re-  
 4 sulting from the adoption of adjusted interest rates by the director under this section shall apply to  
 5 deficiencies, delinquencies and refunds outstanding on the effective date of the rule, or arising on  
 6 or after that date, but only with respect to interest periods beginning on or after that date.

7 (6) If the rate of interest on a deficiency, a delinquency or a refund is governed by this section,  
 8 and if a fraction of a month is involved in making the computation of interest on the deficiency,  
 9 delinquency or refund, then for the fractional month, the simple interest otherwise provided shall  
 10 be computed on a daily basis.

11 (7) **For interest periods beginning on or after January 1, 2012, and before January 1, 2017,**  
 12 **the interest rate applicable to deficiencies and delinquencies prescribed by subsection (1) of**  
 13 **this section and the adjusted interest rate adopted under subsection (3) of this section shall**  
 14 **be increased by \_\_\_\_\_ percentage point per month or fraction thereof.**

15 **SECTION 2. (1) The Revenue Systems Replacement Fund is established in the State**  
 16 **Treasury, separate and distinct from the General Fund. Interest earned by the Revenue**  
 17 **Systems Replacement Fund shall be credited to the fund. Moneys in the fund are contin-**  
 18 **uously appropriated to the Department of Revenue for systems replacement.**

19 (2) **All moneys received by the department as a result of the increased interest rates**  
 20 **prescribed by ORS 305.220 (7) shall be deposited in the fund.**

21 (3) **Any unexpended moneys remaining in the fund on June 30, 2017, are transferred to**  
 22 **the General Fund.**

23 **SECTION 3. Section 2 of this 2011 Act is repealed January 2, 2018.**

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