

HB 3420-2
(LC 3414)
3/15/11 (CMT/ps)

**PROPOSED AMENDMENTS TO
HOUSE BILL 3420**

- 1 On page 1 of the printed bill, after line 7, insert:
- 2 “(2) Any gain that is treated as net capital gain for federal tax purposes
- 3 and that is included in taxable income in this state shall be taxed at the
- 4 discounted rate provided in subsection (3) of this section, if an amount equal
- 5 to the gain has been continuously invested, for at least two years, as seed
- 6 capital in an emerging growth business doing business in this state and the
- 7 amount was initially invested on or after the effective date of this 2011 Act.
- 8 “(3) The reduction in tax rate otherwise imposed shall be determined ac-
- 9 cording to industry sector, as defined by the Oregon Business Development
- 10 Commission by rule. For each industry sector, the otherwise applicable rate
- 11 of taxation shall be reduced by the following percentage:
- 12 “(a) For targeted sector industries, 10 percent.
- 13 “(b) For key sector industries, 15 percent.
- 14 “(c) For critical sector industries, 25 percent.”
- 15 In line 8, delete “(2)” and insert “(4)” and delete “Oregon Business De-
- 16 velopment”.
- 17 Delete lines 12 through 18.
- 18 On page 2, delete line 44 and insert “gain has been invested as seed cap-
- 19 ital in an emerging growth business pursuant to section 2 of this 2011
- 20 Act.”.
- 21 On page 4, delete line 13 and insert “gain has been invested as seed cap-
- 22 ital in an emerging growth business pursuant to section 2 of this 2011

1 Act.”.

2 On page 5, delete line 6 and insert “gain has been invested as seed capital
3 in an emerging growth business pursuant to section 2 of this 2011 Act.”.

4 Delete line 16 and insert “gain has been invested as seed capital in an
5 emerging growth business pursuant to section 2 of this 2011 Act.”.

6 Delete lines 37 through 45 and delete page 6.

7 On page 7, delete lines 1 through 5 and insert:

8 **“SECTION 10.** ORS 316.037, as amended by sections 1 and 2, chapter 746,
9 Oregon Laws 2009, and section 4 of this 2011 Act, is amended to read:

10 “316.037. (1)(a) A tax is imposed for each taxable year on the entire tax-
11 able income of every resident of this state. The amount of the tax shall be
12 determined in accordance with the following table:

13 “

If taxable income is:	The tax is:
Not over \$2,000	5% of taxable income
Over \$2,000 but not over \$5,000	\$100 plus 7% of the excess over \$2,000
Over \$5,000 but not over \$125,000	\$310 plus 9% of the excess over \$5,000
Over \$125,000	\$11,110 plus 9.9%

1 of the excess

2 over \$125,000

3 “

4 “(b) For tax years beginning in each calendar year, the Department of
5 Revenue shall adopt a table that shall apply in lieu of the table contained
6 in paragraph (a) of this subsection, as follows:

7 “(A) Except as provided in subparagraph (D) of this paragraph, the mini-
8 mum and maximum dollar amounts for each bracket for which a tax is im-
9 posed shall be increased by the cost-of-living adjustment for the calendar
10 year.

11 “(B) The rate applicable to any rate bracket as adjusted under subpara-
12 graph (A) of this paragraph shall not be changed.

13 “(C) The amounts setting forth the tax, to the extent necessary to reflect
14 the adjustments in the rate brackets, shall be adjusted.

15 “(D) The rate brackets applicable to taxable income in excess of \$125,000
16 may not be adjusted.

17 “(c) For purposes of paragraph (b) of this subsection, the cost-of-living
18 adjustment for any calendar year is the percentage (if any) by which the
19 monthly averaged U.S. City Average Consumer Price Index for the 12 con-
20 secutive months ending August 31 of the prior calendar year exceeds the
21 monthly averaged index for the second quarter of the calendar year 1992.

22 “(d) As used in this subsection, ‘U.S. City Average Consumer Price
23 Index’ means the U.S. City Average Consumer Price Index for All Urban
24 Consumers (All Items) as published by the Bureau of Labor Statistics of the
25 United States Department of Labor.

26 “(e) If any increase determined under paragraph (b) of this subsection is
27 not a multiple of \$50, the increase shall be rounded to the next lower mul-
28 tiple of \$50.

29 “[2) *Notwithstanding subsection (1) of this section, any gain that is treated*
30 *as net capital gain for federal tax purposes and that is included in taxable*

1 *income in this state shall be taxed at the discounted rate provided in section*
2 *2 of this 2011 Act, if an amount equal to the gain has been invested as seed*
3 *capital in an emerging growth business pursuant to section 2 of this 2011*
4 *Act.]*

5 “[(3)] (2) A tax is imposed for each taxable year upon the entire taxable
6 income of every part-year resident of this state. The amount of the tax shall
7 be computed under [subsections (1) and (2)] **subsection (1)** of this section as
8 if the part-year resident were a full-year resident and shall be multiplied by
9 the ratio provided under ORS 316.117 to determine the tax on income derived
10 from sources within this state.

11 “[(4)] (3) A tax is imposed for each taxable year on the taxable income
12 of every full-year nonresident that is derived from sources within this state.
13 The amount of the tax shall be determined in accordance with [subsections
14 (1) and (2)] **the table set forth in subsection (1)** of this section.”

15 Delete lines 26 through 35 and insert:

16 **“SECTION 12.** ORS 317.061, as amended by sections 5, 7 and 9, chapter
17 745, Oregon Laws 2009, and section 7 of this 2011 Act, is amended to read:

18 “317.061. [(1)] The rate of the tax imposed by and computed under this
19 chapter is:

20 “[a)] (1) Six and six-tenths percent of the first \$10 million of taxable in-
21 come, or fraction thereof; and

22 “[b)] (2) Seven and six-tenths percent of any amount of taxable income
23 in excess of \$10 million.

24 “[2) *Notwithstanding subsection (1) of this section, any gain that is treated*
25 *as net capital gain for federal tax purposes and that is included in taxable*
26 *income in this state shall be taxed at the discounted rate provided in section*
27 *2 of this 2011 Act, if an amount equal to the gain has been invested as seed*
28 *capital in an emerging growth business pursuant to section 2 of this 2011*
29 *Act.]”.*

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