

A-Engrossed
House Bill 3477

Ordered by the House May 15
Including House Amendments dated May 15

Sponsored by Representatives UNGER, KOTEK, Senator BOQUIST; Representatives BOONE, BUCKLEY, DEMBROW, FAGAN, FREDERICK, GALLEGOS, GARRETT, GELSER, GOMBERG, GORSEK, GREENLICK, HARKER, HOLVEY, KENY-GUYER, LIVELY, MCKEOWN, NATHANSON, REARDON, TOMEI, VEGA PEDERSON, WILLIAMSON, WITT, Senator SHIELDS

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.

Removes certain exemptions from taxation for out-of-state banks, extranational institutions or foreign associations that engage in certain activities within this state.
[Declares emergency, effective on passage.]

A BILL FOR AN ACT

1
2 Relating to exemptions from taxation for out-of-state financial institutions; amending ORS 713.025;
3 and repealing ORS 317.057 and 713.300.

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

5 **SECTION 1.** ORS 713.025 is amended to read:

6 713.025. (1) Except as provided in subsection (4) of this section [*and ORS 713.300*], every
7 extranational institution with one or more offices in this state shall deposit with the Director of the
8 Department of Consumer and Business Services in an office located in this state of another bank
9 approved by the director under an agreement satisfactory to the director for the protection of
10 depositors of the extranational institution, free and clear of all other liens and encumbrances, assets
11 in an amount set forth in subsection (2) of this section of the following types:

12 (a) Cash;

13 (b) Interest-bearing bonds, notes or obligations of the United States, including those of its
14 agencies and instrumentalities, or bonds, notes or obligations for which the faith of the United
15 States is pledged for the payment of the principal and interest;

16 (c) Bonds or other obligations of the State of Oregon, any county of this state or any incorpo-
17 rated city, town or school or port district of this state having a population of not less than 2,000
18 as shown by the last federal census, or bonds of any other state, any county, incorporated city, town
19 or school or port district therein having a population of not less than 25,000, as shown by the last
20 federal census, if:

21 (A) The bonds or obligations are issued in compliance with the constitution and laws of the
22 applicable state;

23 (B) The bonds or obligations are general obligations of the state, city, town or school or port
24 district issuing the bonds; and

25 (C) There has been no default in payment of either principal or interest on any of the general
26 obligations of the state, county, incorporated city, town or school or port district for a period of five

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 years preceding the date of the deposit;

2 (d) A surety bond issued by a surety company authorized to transact business in this state and
3 in a form approved by the director, under which the principal and surety indemnify the depositors
4 and creditors of the extranational institution against loss due to nonpayment by the extranational
5 institution, including by reason of the failure of the extranational institution;

6 (e) An irrevocable letter of credit issued by an insured institution, as defined in ORS 706.008,
7 satisfactory to the director; or

8 (f) Any combination of cash, securities complying with subsection (1)(b) and (c) of this section,
9 surety bonds complying with subsection (1)(d) of this section, and letters of credit complying with
10 subsection (1)(e) of this section.

11 (2) The market value of the assets deposited pursuant to subsection (1) of this section shall be
12 not less than:

13 (a) Five percent of the total liabilities of the office including acceptances, but excluding accrued
14 expenses and amounts due to and other liabilities of offices, branches, agencies and subsidiaries of
15 the extranational institution; or

16 (b) Such other amount as the director may determine to be necessary for the protection of
17 depositors and the public interest.

18 (3) The director shall determine the value of the assets maintained for the purposes of this
19 section and shall value marketable securities according to accepted principles of accounting.

20 (4) The deposit requirements of subsection (1) of this section shall not apply to an office of an
21 extranational institution that is an insured branch as defined in section 3(s) of the Federal Deposit
22 Insurance Act (12 U.S.C. 1813(s)).

23 **SECTION 2. ORS 317.057 and 713.300 are repealed.**

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