

**PROPOSED AMENDMENTS TO  
HOUSE BILL 3601**

1 On page 1 of the printed bill, line 2, after “317.061,” insert “317.283,”.

2 On page 3, line 13, after “section” insert “, with no more than \$1,800 at-  
3 tributable to the medical care of that spouse”.

4 In line 15, after “section” insert “, with no more than \$1,800 attributable  
5 to the medical care of that individual”.

6 On page 7, line 34, delete “subsection (2) of this section and”.

7 Delete lines 38 through 42 and insert:

8 “(2) An interest charge DISC formed on or before the effective date of this  
9 2013 special session Act is exempt from the tax imposed under ORS 317.090.

10 **“SECTION 6a.** ORS 317.283 is amended to read:

11 “317.283. (1) To derive Oregon taxable income, federal taxable income  
12 shall be modified to the extent necessary to not recognize for Oregon tax  
13 purposes any transaction between the taxpayer and a related domestic  
14 international sales corporation. The taxpayer shall be considered to have  
15 entered directly into any transactions with third parties that are treated for  
16 federal income tax purposes as having been entered into by a related do-  
17 mestic international sales corporation. To satisfy the requirements of this  
18 section:

19 “(a) No deduction shall be allowed to any taxpayer for any payment to a  
20 related domestic international sales corporation;

21 “(b) No income or expense that would be attributed to a taxpayer but for  
22 the provisions of sections 991 to 996 of the Internal Revenue Code shall be

1 treated as attributable to a related domestic international sales corporation;  
2 and

3 “(c) No deduction shall be allowed to a taxpayer for interest on  
4 DISC-related deferred tax liability paid pursuant to section 995 (f) of the  
5 Internal Revenue Code.

6 **“(2) Notwithstanding subsection (1) of this section:**

7 **(a) A tax shall be imposed under this chapter at a rate of 2.5 percent**  
8 **on any commission received by a domestic international sales corpo-**  
9 **ration; and**

10 **(b) A deduction shall be allowed for commission payments to a do-**  
11 **mestic international sales corporation, if the domestic international**  
12 **sales corporation is formed on or before the effective date of this 2013**  
13 **special session Act.**

14 “[2)] **(3)** As used in this section, ‘domestic international sales  
15 corporation’ means a domestic international sales corporation as defined in  
16 section 992 of the Internal Revenue Code.

17 **“SECTION 6b. Section 6c of this 2013 special session Act is added**  
18 **to and made a part of ORS chapter 316.**

19 **“SECTION 6c. (1) In addition to the other modifications to federal**  
20 **taxable income contained in this chapter, there shall be subtracted**  
21 **from federal taxable income the amount of any dividend received by**  
22 **the taxpayer from a domestic international sales corporation.**

23 **“(2) As used in this section, ‘domestic international sales corpo-**  
24 **ration’ means a domestic international sales corporation as defined in**  
25 **section 992 of the Internal Revenue Code.”.**

26 In line 43, delete “6a” and insert “6d”.

27 On page 8, line 22, delete “Section 4” and insert “Sections 4 and 6c”.

28 In line 23, after “317.061” insert “, 317.283” and delete “and 6” and insert  
29 “, 6 and 6a”.

30 In line 25, delete “6a” and insert “6d”.

1 On page 9, line 38, after the period insert “The only addition or sub-  
2 traction allowed in the calculation of nonpassive income for which the tax-  
3 payer uses the reduced rates allowed under subsection (2) of this section  
4 shall be any depreciation adjustment directly related to the partnership or  
5 S corporation.”.

6 In line 40, after the period delete the rest of the line and insert “If the  
7 taxpayer uses the reduced rates allowed under subsection (2) of this section,  
8 the calculation of income shall be substantiated on a form prescribed by”.

9 On page 10, after line 10, insert:

10 “(7)(a) A nonresident may apply the reduced rates allowed under sub-  
11 section (2) of this section only to income earned in Oregon.

12 “(b) A part-year resident shall calculate the tax due using the reduced  
13 rates allowed under subsection (2) of this section by first applying those  
14 rates to the taxpayer’s nonpassive income that meets the requirements of  
15 subsection (6) of this section, and then multiplying that amount by the ratio  
16 of the taxpayer’s nonpassive income in Oregon divided by nonpassive income  
17 from all sources.”.

18 In line 13, delete “Department of Revenue” and insert “Legislative Reve-  
19 nue Officer”.

20 In line 14, delete “Legislative Revenue Officer” and insert “Department  
21 of Revenue” and delete “an estimate” and insert “estimates”.

22 In line 16, delete “estimate” and insert “estimates”.

23 In line 17, after “2017” insert “, and in tax years beginning on or after  
24 January 1, 2019, and before January 1, 2021” and delete “estimate” and insert  
25 “estimates”.

26 In line 20, delete “department” and insert “Legislative Revenue Officer”.

27 Delete line 26 and insert “If the ratio exceeds the ratio calculated  
28 under”.

29 In line 27, delete “25” and insert “15”.

30 In line 28, delete “generate revenue suffi-”.

1 In line 29, delete “cient to compensate for the additional revenue loss,”  
2 and insert “achieve a ratio of approximately 105 percent of the ratio calcu-  
3 lated in subsection (1)(a) of this section for tax years beginning on or after  
4 January 1, 2015, and before January 1, 2017,”.

5 In line 34, delete “department” and insert “Legislative Revenue Officer”.

6 In line 40, after the first “ratio” delete the rest of the line and insert  
7 “exceeds the ratio included in the estimate required under subsection (1)(a)  
8 of this section for tax years beginning on or after January 1, 2019, and before  
9 January 1, 2021, by more than 25 percent, the rates listed in section 11 (2)  
10 of this 2013 special session Act shall be proportionately adjusted to achieve  
11 a ratio of approximately 115 percent of the ratio calculated in subsection  
12 (1)(a) of this section for tax years beginning on or after January 1, 2019, and  
13 before January 1, 2021. If the ratio is less than 75 percent of the ratio in-  
14 cluded in the estimate required under subsection (1)(a) of this section for tax  
15 years beginning on or after January 1, 2019, and before January 1, 2021, the  
16 rates listed in section 11 (2) of this 2013 special session Act shall be pro-  
17 portionately adjusted to achieve a ratio of approximately 85 percent of the  
18 ratio calculated in subsection (1)(a) of this section for tax years beginning  
19 on or after January 1, 2019, and before January 1, 2021. The adjusted rates  
20 under this subsection may in no event exceed 9.9 percent of taxable income  
21 or be reduced to lower than the original rate provided in section 11 (2) of  
22 this 2013 special session Act.”.

23 Delete lines 41 through 45.

24 On page 14, line 32, before “in” insert “and”.

25 In line 33, after “20,” delete the rest of the line.

26 In line 34, delete “nation ‘10,’”.

27 On page 15, after line 12, insert:

28 **“SECTION 23a. (1) All Oregon cigarette tax stamps in the pos-**  
29 **session of or under the control of any dealer or distributor as of De-**  
30 **cember 31, 2015, bearing the indicia of \$1.64 for each Oregon cigarette**

1 tax stamp bearing the designation '25,' or of \$1.31 for each Oregon  
2 cigarette tax stamp bearing the designation '20,' shall expire on Jan-  
3 uary 31, 2016.

4 **“(2) All Oregon cigarette tax stamps in the possession of or under**  
5 **the control of any dealer or distributor as of December 31, 2017, bear-**  
6 **ing the indicia of \$1.65 for each Oregon cigarette tax stamp bearing the**  
7 **designation '25,' or of \$1.32 for each Oregon cigarette tax stamp bear-**  
8 **ing the designation '20,' shall expire on January 31, 2018.”.**

9 In line 16, delete “and 317.061” and insert “, 317.061 and 317.283” and de-  
10 lete “and 5” and insert “, 5 and 6a”.

11 In line 21, after “4,” insert “6c,”.

12 In line 22, after “317.061,” insert “317.283,”.

13 In line 23, after “6a,” insert “6d,”.

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