

**PROPOSED AMENDMENTS TO
SENATE BILL 925**

1 In line 2 of the printed bill, after “taxation;” insert “creating new pro-
2 visions; amending ORS 315.266, 316.037 and 316.695;”.

3 Delete lines 4 through 9 and insert:
4

5 **“COMMERCIAL ACTIVITY TAX**

6
7 **“SECTION 1. Definitions. As used in sections 1 to 31 of this 2015**
8 **Act:**

9 **“(1) ‘Combined taxpayer’ means a group of two or more persons**
10 **treated as a single taxpayer for purposes of sections 1 to 31 of this 2015**
11 **Act under section 4 of this 2015 Act.**

12 **“(2) ‘Consolidated elected taxpayer’ means a group of two or more**
13 **persons treated as a single taxpayer for purposes of sections 1 to 31**
14 **of this 2015 Act as the result of an election made under section 3 of**
15 **this 2015 Act.**

16 **“(3) ‘Doing business’ means any transaction in the course of its**
17 **activities conducted within this state by a national banking associ-**
18 **ation, or any other corporation, provided, however, that a foreign**
19 **corporation whose activities in this state are confined to purchases of**
20 **personal property, and the storage thereof incident to shipment out-**
21 **side this state, is not deemed to be doing business unless the foreign**
22 **corporation is an affiliate of another foreign or domestic corporation**

1 that is doing business in Oregon. Whether or not corporations are af-
2 filiated shall be determined as provided in section 1504 of the Internal
3 Revenue Code.

4 “(4) ‘Excluded person’ means any of the following:

5 “(a) Any person with not more than \$_____ of taxable gross receipts
6 during the calendar year, other than a person that is a member of a
7 consolidated elected taxpayer.

8 “(b) Organizations described in sections 501(c) and 501(j) of the
9 Internal Revenue Code unless the exemption is denied under sub-
10 section (h), (i) or (m) of section 501 of the Internal Revenue Code or
11 under section 502, 503 or 505 of the Internal Revenue Code.

12 “(c) Organizations described in section 501(d) of the Internal Reve-
13 nue Code, unless the exemption is denied under section 502 or 503 of
14 the Internal Revenue Code.

15 “(d) Organizations described in section 501(e) of the Internal Reve-
16 nue Code.

17 “(e) Organizations described in section 501(f) of the Internal Reve-
18 nue Code.

19 “(f) Charitable risk pools described in section 501(n) of the Internal
20 Revenue Code.

21 “(g) Organizations described in section 521 of the Internal Revenue
22 Code.

23 “(h) Qualified state tuition programs described in section 529 of the
24 Internal Revenue Code.

25 “(i) Foreign or alien insurance companies, but only with respect to
26 the underwriting profit derived from writing wet marine and trans-
27 portation insurance subject to tax under ORS 731.824 and 731.828.

28 “(j) Corporations, organized and operated primarily for the purpose
29 of furnishing permanent residential, recreational and social facilities
30 primarily for elderly persons, that:

1 “(A) Are corporations not for profit, authorized to transact business
2 in this state pursuant to ORS chapter 65 or any statute repealed by
3 chapter 580, Oregon Laws 1959;

4 “(B) Receive not less than 95 percent of their operating gross in-
5 come (excluding any investment income) solely from payments for
6 living, medical, recreational, and social services and facilities, paid by
7 or on behalf of the elderly persons using the facilities of the corpo-
8 ration;

9 “(C) Permit no part of their net earnings to inure to the benefit of
10 any private stockholder or individual; and

11 “(D) Provide in their articles or other governing instrument that,
12 upon dissolution, the assets remaining after satisfying all lawful debts
13 and liabilities shall be distributed to one or more corporations exempt
14 from taxation under sections 1 to 31 of this 2015 Act as corporations
15 organized and operated exclusively for religious, charitable, scientific,
16 literary or educational purposes.

17 “(k) People’s utility districts established under ORS chapter 261.

18 “(5) ‘Gross receipts’ means the total amount realized by a person,
19 without deduction for the cost of goods sold or other expenses in-
20 curred, that contributes to the production of gross income of the per-
21 son, including the fair market value of any property and any services
22 received, and any debt transferred or forgiven as consideration. ‘Gross
23 receipts’ does not mean:

24 “(a) Interest income except interest on credit sales;

25 “(b) Receipts from the sale, exchange or other disposition of an as-
26 set described in section 1221 or 1231 of the Internal Revenue Code,
27 without regard to the length of time the person held the asset;

28 “(c) Proceeds received attributable to the repayment, maturity or
29 redemption of the principal of a loan, bond, mutual fund, certificate
30 of deposit or marketable instrument;

1 “(d) The principal amount received under a repurchase agreement
2 or on account of any transaction properly characterized as a loan to
3 the person;

4 “(e) Contributions received by a trust, plan or other arrangement,
5 any of which is described in section 501(a) of the Internal Revenue
6 Code, or to which subtitle A, chapter 1, subchapter D of the Internal
7 Revenue Code applies;

8 “(f) Compensation, whether current or deferred, and whether in
9 cash or in kind, received or to be received by an employee, former
10 employee or the employee’s legal successor for services rendered to
11 or for an employer, including reimbursements received by or for an
12 individual for medical or education expenses, health insurance premi-
13 ums or employee expenses, or on account of a dependent care spending
14 account, legal services plan, any cafeteria plan described in section 125
15 of the Internal Revenue Code or any similar employee reimbursement;

16 “(g) Proceeds received from the issuance of the taxpayer’s own
17 stock, options, warrants, puts or calls, or from the sale of the
18 taxpayer’s treasury stock;

19 “(h) Proceeds received on the account of payments from insurance
20 policies, except those proceeds received for the loss of business reve-
21 nue;

22 “(i) Gifts or charitable contributions received, membership dues
23 received by trade, professional, homeowners’ or condominium associ-
24 ations, payments received for educational courses, meetings or meals,
25 or similar payments to a trade, professional or other similar associ-
26 ation, and fundraising receipts received by any person when any excess
27 receipts are donated or used exclusively for charitable purposes;

28 “(j) Damages received as the result of litigation in excess of
29 amounts that, if received without litigation, would be gross receipts;

30 “(k) Property, money and other amounts received or acquired by

1 an agent on behalf of another in excess of the agent's commission, fee
2 or other remuneration;

3 “(L) Tax refunds, other tax benefit recoveries and reimbursements
4 for the tax imposed under sections 1 to 31 of this 2015 Act made by
5 entities that are part of the same combined taxpayer or consolidated
6 elected taxpayer group, and reimbursements made by entities that are
7 not members of a combined taxpayer or consolidated elected taxpayer
8 group that are required to be made for economic parity among multi-
9 ple owners of an entity whose tax obligation under sections 1 to 31 of
10 this 2015 Act is required to be reported and paid entirely by one owner,
11 pursuant to the requirements of sections 3 and 4 of this 2015 Act;

12 “(m) Pension reversions;

13 “(n) Contributions to capital;

14 “(o) Sales or use taxes collected as a vendor or an out-of-state seller
15 on behalf of the taxing jurisdiction from a consumer or other taxes
16 the taxpayer is required by law to collect directly from a purchaser
17 and remit to a local, state or federal tax authority;

18 “(p) In the case of receipts from the sale of cigarettes or tobacco
19 products by a wholesale dealer, retail dealer, distributor, manufacturer
20 or seller, an amount equal to the federal and state excise taxes paid
21 by any person on or for such cigarettes or tobacco products under
22 subtitle E of the Internal Revenue Code or ORS chapter 323;

23 “(q) In the case of receipts from the sale, transfer, exchange or
24 other disposition of motor vehicle fuel as defined in ORS 319.010, an
25 amount equal to the value of the motor fuel, including federal and
26 state motor fuel excise taxes and receipts from billing or invoicing the
27 tax imposed under ORS 319.020 to another person;

28 “(r) In the case of receipts from the sale of malt beverages or dis-
29 tilled liquor, as defined in ORS 471.001, by a person holding a license
30 issued under ORS chapter 471, an amount equal to federal and state

1 excise taxes paid by any person on or for such beer or intoxicating li-
2 quor under subtitle E of the Internal Revenue Code or ORS chapter
3 471;

4 “(s) Receipts realized by a vehicle dealer certified under ORS 822.020
5 from the sale or other transfer of a motor vehicle, as defined in ORS
6 801.360, to another vehicle dealer for the purpose of resale by the
7 transferee vehicle dealer, but only if the sale or other transfer was
8 based upon the transferee’s need to meet a specific customer’s pref-
9 erence for a motor vehicle;

10 “(t) Receipts from a financial institution for services provided to
11 the financial institution in connection with the issuance, processing,
12 servicing and management of loans or credit accounts, if the financial
13 institution and the recipient of the receipts have at least 50 percent
14 of their ownership interests owned or controlled, directly or con-
15 structively through related interests, by common owners;

16 “(u) Receipts realized from administering anti-neoplastic drugs and
17 other cancer chemotherapy, biologicals, therapeutic agents and sup-
18 portive drugs in a physician’s office to patients with cancer;

19 “(v) Funds received or used by a mortgage broker that is not a
20 dealer in intangibles, other than fees or other consideration, pursuant
21 to a table-funding mortgage loan or warehouse-lending mortgage loan;

22 “(w) Property, moneys and other amounts received by a profes-
23 sional employer organization from a client employer in excess of the
24 administrative fee charged by the professional employer organization
25 to the client employer;

26 “(x) In the case of amounts retained as commissions by a holder
27 of a license under ORS chapter 462, an amount equal to the amounts
28 specified under ORS chapter 462 that must be paid to or collected by
29 the Department of Revenue as a tax and the amounts specified under
30 ORS chapter 462 to be used as purse money; and

1 “(y) Qualifying distribution center receipts.

2 “(6) ‘Person’ includes individuals, combinations of individuals of
3 any form, receivers, assignees, trustees in bankruptcy, firms, compa-
4 nies, joint-stock companies, business trusts, estates, partnerships,
5 limited liability partnerships, limited liability companies, associations,
6 joint ventures, clubs, societies, for-profit corporations, S corporations,
7 qualified subchapter S subsidiaries, qualified subchapter S trusts,
8 trusts, entities that are disregarded for federal income tax purposes,
9 and any other entities.

10 “(7) ‘Taxable gross receipts’ means gross receipts sitused to this
11 state under section 9 of this 2015 Act.

12 “(8) ‘Taxpayer’ means any person, or any group of persons in the
13 case of a combined taxpayer or consolidated elected taxpayer treated
14 as one taxpayer, required to register or pay tax under sections 1 to 31
15 of this 2015 Act. ‘Taxpayer’ does not include excluded persons.

16 “SECTION 2. Accounting methods. A taxpayer’s method of ac-
17 counting for gross receipts for a tax period shall be the same as the
18 taxpayer’s method of accounting for federal income tax purposes for
19 the taxpayer’s federal taxable year that includes the tax period. If a
20 taxpayer’s method of accounting for federal income tax purposes
21 changes, the taxpayer’s method of accounting for gross receipts under
22 sections 1 to 31 of this 2015 Act shall be changed accordingly.

23 “SECTION 3. Consolidation of related taxpayers. (1) A group of two
24 or more persons may elect to be a consolidated elected taxpayer for
25 the purposes of sections 1 to 31 of this 2015 Act if the group satisfies
26 all of the following requirements:

27 “(a) The group elects to include all persons, including excluded
28 persons, having at least 80 percent, or having at least 50 percent, of
29 the value of their ownership interests owned or controlled, directly or
30 constructively through related interests, by common owners during

1 all or any portion of the tax period, together with the common owners.

2 “(b) A group making its initial election on the basis of the 80 per-
3 cent ownership test may change its election so that its consolidated
4 elected taxpayer group is formed on the basis of the 50 percent own-
5 ership test if all of the following are satisfied:

6 “(A) When the initial election was made, the group did not have
7 any persons satisfying the 50 percent ownership test;

8 “(B) One or more of the persons in the initial group subsequently
9 acquires ownership interests in a person such that the 50 percent
10 ownership test is satisfied, the 80 percent ownership test is not satis-
11 fied and the acquired person would be required to be included in a
12 combined taxpayer group under section 4 of this 2015 Act;

13 “(C) The group requests the change in writing to the Director of the
14 Department of Revenue as required by subsection (8) of this section;
15 and

16 “(D) The group has not previously changed its election.

17 “(2)(a) At the election of the group, all entities that are not incor-
18 porated or formed under the laws of a state or of the United States
19 and that meet the consolidated elected ownership test either shall be
20 included in the group or shall be excluded from the group. If, at the
21 time of registration, the group does not include any such entities that
22 meet the consolidated elected ownership test, the group shall elect to
23 either include or exclude the newly acquired entities before the due
24 date of the first return due after the date of the acquisition.

25 “(b) If 50 percent of the value of a person’s ownership interests is
26 owned or controlled by each of two consolidated elected taxpayer
27 groups formed under the 50 percent ownership or control test, that
28 person is a member of each group for the purposes of this section, and
29 each group shall include in the group’s taxable gross receipts 50 per-
30 cent of that person’s taxable gross receipts. Otherwise, all of that

1 person's taxable gross receipts shall be included in the taxable gross
2 receipts of the consolidated elected taxpayer group of which the person
3 is a member. In no event shall the ownership or control of 50 percent
4 of the value of a person's ownership interests by two otherwise unre-
5 lated groups form the basis for consolidating the groups into a single
6 consolidated elected taxpayer group or permit any exclusion under
7 subsection (6) of this section of taxable gross receipts between mem-
8 bers of the two groups. Subsection (4) of this section applies with re-
9 spect to the elections described in this subsection.

10 “(3) The group makes the election to be treated as a consolidated
11 elected taxpayer in the manner prescribed under subsection (8) of this
12 section.

13 “(4) Subject to review and audit by the Department of Revenue, the
14 group agrees that all of the following apply:

15 “(a) The group shall file reports as a single taxpayer for at least the
16 next eight calendar quarters following the election so long as at least
17 two or more of the members of the group meet the requirements of
18 subsection (1)(a) of this section.

19 “(b) Before the expiration of the eighth calendar quarter, the group
20 shall notify the director if the group elects to cancel its designation
21 as a consolidated elected taxpayer. If the group does not so notify the
22 department, the election remains in effect for another eight calendar
23 quarters.

24 “(c) If, at any time during any of those eight calendar quarters
25 following the election, a former member of the group no longer meets
26 the requirements under subsection (1) of this section, that member
27 shall report and pay the tax imposed under sections 1 to 31 of this 2015
28 Act separately, as a member of a combined taxpayer, or, if the former
29 member satisfies such requirements with respect to another consol-
30 idated elected group, as a member of that consolidated elected group.

1 “(d) The group agrees to the application of subsection (2) of this
2 section.

3 “(5) A group of persons making the election under this section shall
4 report and pay tax on all of the group’s taxable gross receipts even if
5 substantial nexus with this state does not exist for one or more per-
6 sons in the group.

7 “(6)(a) Members of a consolidated elected taxpayer group shall ex-
8 clude gross receipts among persons included in the consolidated
9 elected taxpayer group.

10 “(b) Subject to paragraph (c) of this subsection, nothing in this
11 section shall have the effect of requiring a consolidated elected tax-
12 payer group to include gross receipts received by an excluded person
13 if that person is a member of the group pursuant to the elections made
14 by the group under subsection (1) of this section.

15 “(c)(A) As used in this paragraph, ‘dealer transfer’ means a transfer
16 of property that satisfies both of the following:

17 “(i) The property is directly transferred by any means from one
18 member of the group to another member of the group that is a dealer
19 in intangibles; and

20 “(ii) The property is subsequently delivered by the dealer in intan-
21 gibles to a person that is not a member of the group.

22 “(B) In the event of a dealer transfer, a consolidated elected tax-
23 payer group may not exclude, under this paragraph, gross receipts
24 from the transfer described in this paragraph.

25 “(7) Gross receipts related to the sale or transmission of electricity
26 through the use of an intermediary regional transmission organization
27 approved by the Federal Energy Regulatory Commission shall be ex-
28 cluded from taxable gross receipts under this section if all other re-
29 quirements of this section are met, even if the receipts are from and
30 to the same member of the group.

1 “(8) To make the election to be a consolidated elected taxpayer, a
2 group of persons shall notify the director of the election on a form
3 prescribed by the director for that purpose, which shall be signed by
4 one or more individuals with authority, separately or together, to
5 make a binding election on behalf of all persons in the group.
6 Elections under subsection (1) of this section shall be made on or be-
7 fore the due date for filing the first return due after the election ap-
8 plies.

9 “(9) Any person acquired or formed after the filing of the registra-
10 tion shall be included in the group if the person meets the require-
11 ments of subsection (1)(a) of this section, and the group shall notify
12 the director of any additions to the group on a form prescribed by the
13 director for such purpose.

14 “SECTION 4. Combined taxpayer groups. (1) All persons, other than
15 excluded persons, having more than 50 percent of the value of their
16 ownership interest owned or controlled, directly or constructively
17 through related interests, by common owners during all or any portion
18 of the tax period, together with the common owners, shall be members
19 of a combined taxpayer group if those persons are not members of a
20 consolidated elected taxpayer group pursuant to an election under
21 section 3 of this 2015 Act.

22 “(2) A combined taxpayer group shall register, file returns and pay
23 taxes under sections 1 to 31 of this 2015 Act as a single taxpayer and
24 shall not exclude taxable gross receipts between its members or from
25 others that are not members.

26 “(3) Any person acquired or formed after the filing of the registra-
27 tion shall be included in the group if the person meets the require-
28 ments of subsection (1) of this section.

29 “(4) The group must notify the Director of the Department of Rev-
30 enue of any additions to the group on a form prescribed by the director

1 for such purpose.

2 **“SECTION 5. Taxation of property transferred into state.** (1) Except
3 as provided in subsection (2) of this section:

4 **“(a) A person shall include as taxable gross receipts the value of**
5 **property the person transfers into this state for the person’s own use**
6 **within one year after the person receives the property outside this**
7 **state; and**

8 **“(b) In the case of a combined taxpayer group or a consolidated**
9 **elected taxpayer group, the taxpayer shall include as taxable gross**
10 **receipts the value of property that any of the taxpayer’s members**
11 **transferred into this state for the use of any of the taxpayer’s mem-**
12 **bers within one year after the taxpayer receives the property outside**
13 **this state.**

14 **“(2) Property brought into this state within one year after it is re-**
15 **ceived outside this state by a person or group described in subsection**
16 **(1)(a) or (b) of this section may not be included as taxable gross re-**
17 **ceipts as required under subsection (1) of this section if the Depart-**
18 **ment of Revenue ascertains that the property’s receipt outside this**
19 **state by the person or group followed by its transfer into this state**
20 **within one year was not intended in whole or in part to avoid in whole**
21 **or in part the tax imposed under sections 1 to 31 of this 2015 Act.**

22 **“(3) The department may adopt rules necessary to administer this**
23 **section.**

24 **“SECTION 6. Joint and several liability.** All members of a combined
25 taxpayer group or a consolidated elected taxpayer during the tax pe-
26 riod or periods for which additional tax, penalty or interest is owed
27 are jointly and severally liable for such amounts. Although the re-
28 porting person will be assessed for the liability, amounts due may be
29 collected by assessment against any member of the group or pursued
30 against any member of the group.

1 **“SECTION 7. Commercial activity tax imposed on gross receipts. (1)**

2 **A commercial activity tax is imposed on each person with taxable**
3 **gross receipts for the privilege of doing business in this state. Persons**
4 **on which the commercial activity tax is imposed include, but are not**
5 **limited to, persons with substantial nexus with this state. The tax**
6 **imposed under this section is not a transactional tax and is not subject**
7 **to the Interstate Income Act of 1959 (P.L. 86-272). The tax imposed**
8 **under this section is in addition to any other taxes or fees imposed**
9 **under the tax laws of this state. The tax imposed under this section**
10 **is imposed on the person receiving the gross receipts and is not a tax**
11 **imposed directly on a purchaser. The tax imposed by this section is**
12 **an annual privilege tax for the calendar year that, in the case of cal-**
13 **endar year taxpayers, is the annual tax period and, in the case of**
14 **calendar quarter taxpayers, contains all quarterly tax periods in the**
15 **calendar year. A taxpayer is subject to the annual privilege tax for**
16 **doing business during any portion of such calendar year.**

17 **“(2) The tax imposed by this section is a tax on the taxpayer and**
18 **may not be billed or invoiced to another person. Nothing in this sub-**
19 **section prohibits:**

20 **“(a) A person from including in the price charged for a good or**
21 **service an amount sufficient to recover the tax imposed by this sec-**
22 **tion; or**

23 **“(b) A lessor from including an amount sufficient to recover the tax**
24 **imposed by this section in a lease payment charged, or from including**
25 **such an amount on a billing or invoice pursuant to the terms of a**
26 **written lease agreement providing for the recovery of the lessor’s tax**
27 **costs. The recovery of such costs shall be based on an estimate of the**
28 **total tax cost of the lessor during the tax period, as the tax liability**
29 **of the lessor cannot be calculated until the end of that period.**

30 **“SECTION 8. Rate of taxation. (1) Except as provided in subsection**

1 (2) of this section, the tax imposed under section 7 of this 2015 Act for
2 each tax period shall be the product of _____ percent multiplied by the
3 remainder of the taxpayer’s taxable gross receipts for the tax period
4 after subtracting the exclusion amount provided for in subsection (2)
5 of this section.

6 “(2) A taxpayer may not exclude more than \$_____ in a tax year.

7 **“SECTION 9. Situs of gross receipts. (1) For the purposes of sections**
8 **1 to 31 of this 2015 Act, gross receipts shall be situated to this state as**
9 **follows:**

10 “(a) Gross rents and royalties from real property located in this
11 state shall be situated to this state.

12 “(b) Gross rents and royalties from tangible personal property shall
13 be situated to this state to the extent the tangible personal property is
14 located or used in this state.

15 “(c) Gross receipts from the sale of real property located in this
16 state shall be situated to this state.

17 “(d) Gross receipts from the sale of tangible personal property shall
18 be situated to this state if the property is received in this state by the
19 purchaser.

20 “(e) Gross receipts from the sale, exchange, disposition or other
21 grant of the right to use trademarks, trade names, patents, copyrights
22 and similar intellectual property shall be situated to this state to the
23 extent that the receipts are based on the amount of use of the property
24 in this state. If the receipts are not based on the amount of use of the
25 property, but rather on the right to use the property, and the payer
26 has the right to use the property in this state, then the receipts from
27 the sale, exchange, disposition or other grant of the right to use the
28 property shall be situated to this state to the extent the receipts are
29 based on the right to use the property in this state.

30 “(f) Gross receipts from the sale of transportation services by a

1 motor carrier shall be sited to this state in proportion to the mileage
2 traveled by the carrier during the tax period on roadways, waterways,
3 airways and railways in this state to the mileage traveled by the car-
4 rier during the tax period on roadways, waterways, airways and rail-
5 ways everywhere. With prior written approval of the Department of
6 Revenue, a motor carrier may use an alternative siting procedure
7 for transportation services.

8 “(g) Gross receipts from the sale of all other services, and all other
9 gross receipts not otherwise sited under this subsection, shall be
10 sited to this state in the proportion that the purchaser’s benefit in
11 this state with respect to what was purchased bears to the purchaser’s
12 benefit everywhere with respect to what was purchased. The physical
13 location where the purchaser ultimately uses or receives the benefit
14 of what was purchased shall be paramount in determining the pro-
15 portion of the benefit in this state to the benefit everywhere. If a
16 taxpayer’s records do not allow the taxpayer to determine that lo-
17 cation, the taxpayer may use an alternative method to situs gross re-
18 cepts under this subsection if the alternative method is reasonable,
19 is consistently and uniformly applied and is supported by the
20 taxpayer’s records as the records exist when the service is provided
21 or within a reasonable period of time thereafter.

22 “(2) If the siting provisions of subsection (1) of this section do
23 not fairly represent the extent of a person’s activity in this state, the
24 person may request, or the Department of Revenue may require or
25 permit, an alternative method. A request under this subsection by a
26 person must be made within the applicable statute of limitations set
27 forth in sections 1 to 31 of this 2015 Act.

28 “(3) The department may adopt rules to provide additional guidance
29 to the application of this section, and provide alternative methods of
30 siting gross receipts that apply to all persons, or subset of persons,

1 that are engaged in similar business or trade activities.

2 “(4) As used in this section, ‘motor carrier’ has the meaning given
3 that term in ORS 825.005.

4
5 “PROCEDURE
6

7 “SECTION 10. Registration. (1) Any person who engages in business
8 in this state shall register with the Department of Revenue as provided
9 and subject to sections 10 to 16 of this 2015 Act.

10 “(2) Each person described in subsection (1) of this section shall
11 apply for and obtain from the department a certificate of registration
12 for the principal or main place of business of the person and a separate
13 certificate of registration for any other business location of the person
14 in this state.

15 “(3) The application shall contain the names of the persons who
16 have an interest in the business, their addresses, the address of the
17 principal or main place of business and of any other business location,
18 and other information as reasonably required by the department.

19 “(4) No fee need accompany the application.

20 “SECTION 11. Certificate of registration. (1) The Department of
21 Revenue shall examine an application submitted under section 11 of
22 this 2015 Act and, if the information contained in the application is
23 complete and accurate, shall issue an original registration certificate
24 for the principal or main place of business and a branch registration
25 certificate for each additional business location.

26 “(2)(a) Each registration certificate issued shall be numbered and
27 shall show the name, residence, place and character of business of the
28 person, the business location for which it is issued and any other in-
29 formation required by the department. The registration certificate is-
30 sued for a business location shall be displayed at the location in a

1 **conspicuous place.**

2 **“(b) A registration certificate shall be personal and not assignable**
3 **or transferable.**

4 **“(c) No fee shall be charged for issuance of a registration certif-**
5 **icate.**

6 **“(3) If the principal or main place of business is outside this state,**
7 **the department shall issue the original registration certificate for that**
8 **location. The department shall issue a branch registration certificate**
9 **for each business location within this state.**

10 **“(4) The department may, but need not, consider as a separate**
11 **business location or place of business, any store, mercantile, market,**
12 **outlet, shop, emporium, mart, establishment, office, studio, stand,**
13 **booth, stall, site, vending machine or other location.**

14 **“SECTION 12. Duration, suspension, revocation. (1) A registration**
15 **under section 11 of this 2015 Act shall be valid and in effect for the**
16 **period during which the person registered engages in business at the**
17 **place indicated by the registration certificate and pays the commercial**
18 **activity tax or until the registration is suspended, revoked or canceled.**

19 **“(2)(a) Except in a case of loss, theft, destruction, damage or as**
20 **otherwise provided by rule, if the person registered or a business lo-**
21 **cation changes, the registration certificate must be returned to the**
22 **Department of Revenue and, if applicable, an application made for a**
23 **new or replacement certificate.**

24 **“(b) Except as provided in paragraph (c) of this subsection, a change**
25 **in the person registered occurs if the business is sold, transferred or**
26 **dissolved, a change in ownership occurs or the department otherwise**
27 **determines that the person registered has changed.**

28 **“(c) A change in the person registered does not occur:**

29 **“(A) Upon transfer of assets to an assignee for the benefit of cred-**
30 **itors or upon the appointment of a receiver or trustee in bankruptcy.**

1 “(B) Upon the death of a sole proprietor in those cases where there
2 is a continuous operation of the business by the personal represen-
3 tative or trustee.

4 “(C) Upon any other transfer described by rule adopted by the de-
5 partment.

6 “(3) The department may suspend or revoke the registration of any
7 person who fails to pay the commercial activity tax or who fails to
8 comply with any provision of sections 1 to 31 of this 2015 Act. The de-
9 partment may not issue a new registration certificate to the person
10 unless the department is satisfied that the person will comply with
11 sections 1 to 31 of this 2015 Act and any rules of the department
12 adopted thereunder. If the department suspends or revokes the regis-
13 tration of a person, the person shall be entitled to a hearing. The
14 hearing shall be conducted as a contested case hearing under ORS
15 chapter 183. Judicial review of an order issued under this subsection
16 shall be as provided in ORS chapter 183.

17 “SECTION 13. Temporary registration certificate. A temporary
18 registration certificate may be issued to any person who engages in
19 business in this state under rules adopted by the Department of Rev-
20 enue.

21 “SECTION 14. Inactive. The Department of Revenue may cancel a
22 registration if the person has not incurred any liability or obligation
23 under the commercial activity tax for a period of at least two years
24 or for any other reason that has been determined by the department
25 by rule to be an appropriate reason. Rules adopted by the department
26 shall afford an opportunity to the person to demonstrate that regis-
27 tration should continue or resume.

28 “SECTION 15. Resale certificates, validity. (1) A person may engage
29 in business in this state only if the person and the location of the
30 business are registered with the Department of Revenue.

1 “(2) For purposes of proper administration of sections 1 to 31 of this
2 2015 Act and to prevent evasion, it is presumed that the entire gross
3 receipts from sales or sales price is the measure of the tax until the
4 contrary is established. The burden of proving that a sale is not a sale
5 at retail is upon the person who makes the sale unless the person
6 takes from the purchaser a resale certificate to the effect that the
7 property or service is purchased for resale.

8 “(3) The resale certificate of a person who is engaged in the busi-
9 ness of selling tangible personal property or services at retail in this
10 state is valid only if the person is registered with the department and
11 the registration has not been suspended, revoked or canceled.

12 “(4) The department shall prescribe by rule the contents and proper
13 format for a resale certificate.

14 “SECTION 16. Records. Every person engaging in business in this
15 state shall keep records, receipts, invoices and other pertinent papers
16 related to the commercial activity tax imposed under section 7 of this
17 2015 Act in a form required by the Department of Revenue.

18
19 “RETURNS AND PAYMENTS
20

21 “SECTION 17. Returns, payments. (1) The commercial activity tax
22 imposed under section 7 of this 2015 Act is due and payable to the
23 Department of Revenue as follows:

24 “(a) If the tax may reasonably be expected to be \$500 or less for the
25 entire calendar year, the tax is due and payable to the department not
26 later than the last day of the calendar month next following the cal-
27 endar year.

28 “(b) If the tax may reasonably be expected to be more than \$500,
29 but \$5,000 or less for the entire calendar year, the tax is due and pay-
30 able to the department semiannually not later than the last day of the

1 calendar month next following June 30 and December 31.

2 “(c) If the tax may reasonably be expected to be more than \$5,000,
3 but \$12,500 or less for the entire calendar year, the tax is due and
4 payable to the department quarterly not later than the last day of the
5 calendar month next following the calendar quarter.

6 “(d) If the tax may reasonably be expected to be more than \$12,500
7 for the entire calendar year, the tax is due and payable to the depart-
8 ment monthly as set forth in section 18 of this 2015 Act.

9 “(2) The commercial activity tax is due and payable as provided in
10 this section without regard to any extension of time for filing a return.

11 “SECTION 18. Returns, filing. (1) Not later than the last day of the
12 calendar month next following the applicable tax period described in
13 section 17 of this 2015 Act, a return for the preceding tax period shall
14 be filed with the Department of Revenue in a form prescribed by the
15 department.

16 “(2) For purposes of the commercial activity tax imposed under
17 section 7 of this 2015 Act, a return shall be filed by every person en-
18 gaged in business in this state.

19 “(3) Returns must be signed by the person required to file the re-
20 turn, or by a duly authorized agent, subject to penalties for false
21 swearing.

22 “(4) The department for good cause may extend for a period not to
23 exceed one month the time for making any return. If the time for
24 filing a return is extended at the request of a taxpayer, interest on any
25 unpaid tax at the rate established under ORS 305.220, for each month
26 or fraction of a month from the time the return was originally re-
27 quired to be filed to the time of payment, shall be added and paid.

28 “SECTION 19. Accounting, installment payment. (1) Subject to
29 rules adopted by the Department of Revenue, the commercial activity
30 tax imposed under section 7 of this 2015 Act becomes payable in ac-

1 cordance with the system of accounting regularly employed by the
2 retailer.

3 “(2) In the case of a lease, contract, sale or arrangement described
4 in section 4216(c) of the Internal Revenue Code, rules similar to the
5 rules of section 4217(e)(2) of the Internal Revenue Code shall apply for
6 purposes of the commercial activity tax.

7 “(3) A person is entitled to a credit or refund for taxes previously
8 paid on debts that are deductible as worthless for federal income tax
9 purposes.

10 **“SECTION 20. Persons outside state.** Any person engaged in busi-
11 ness within or outside this state may be required or permitted to file
12 a return and pay the commercial activity tax imposed under section 7
13 of this 2015 Act under rules that shall be adopted by the Department
14 of Revenue.

15

16

“COLLECTION

17

18 **“SECTION 21. (1)** The commercial activity tax imposed under sec-
19 tion 7 of this 2015 Act is a revenue or tax law of this state and shall
20 be administered by the Department of Revenue.

21 “(2) For purposes of determining whether and to whom information
22 contained on a return of commercial activity tax may be made known,
23 ORS 314.835 and 314.840 shall apply.

24 **“SECTION 22. (1)** Except where the context requires otherwise, the
25 provisions of ORS chapters 305 and 314 as to the audit and examination
26 of returns, determination of deficiencies, assessments, claims for re-
27 fund, refunds, conferences and appeals to the Oregon Tax Court, and
28 the procedures relating thereto, shall apply to the determination of
29 commercial activity tax imposed under section 7 of this 2015 Act,
30 penalties and interest.

1 “(2) The commercial activity tax, interest and penalties are a per-
2 sonal debt due and owing from the taxpayer to the State of Oregon
3 from the time that liability for the tax is incurred. The lien and col-
4 lection provisions of ORS chapters 305 and 314, including but not lim-
5 ited to the warrant authority under ORS 314.430, the jeopardy
6 provisions of ORS 314.440 and the collection agency provisions of ORS
7 305.850, apply to the commercial activity tax.

8 “SECTION 23. Rules, administration. (1) The Department of Reve-
9 nue is authorized to and shall adopt rules requiring uniformity in ap-
10 plication, reporting and collection and otherwise carrying out the
11 purposes of sections 1 to 31 of this 2015 Act.

12 “(2) The department shall provide by rule for the effective admin-
13 istration of the commercial activity tax.

14 “SECTION 24. Quitting business, successor. (1) For purposes of
15 sections 1 to 31 of this 2015 Act, ‘successor’ means any person to whom
16 another person quitting, selling out, exchanging or disposing of a
17 business sells or otherwise conveys, directly or indirectly, in bulk and
18 not in the ordinary course of business, a major part of the materials,
19 supplies, merchandise, inventory, fixtures or equipment of the person.
20 Any person obligated to fulfill the terms of a contract shall be con-
21 sidered a successor to any contractor defaulting in the performance
22 of any contract as to which the person is a surety or guarantor.

23 “(2) If any person quits business or sells out, exchanges or other-
24 wise disposes of a business or stock of goods, any commercial activity
25 tax imposed under section 7 of this 2015 Act shall become immediately
26 due and payable. The person shall, within 10 days after the sale, ex-
27 change or disposition, make a return and pay the tax due.

28 “(3) The successor is liable for the full amount of the tax and may
29 withhold from the purchase price a sum sufficient to pay any tax due
30 until a receipt or evidence from the Department of Revenue showing

1 payment in full of any tax due is presented to the successor. If a re-
2 ceipt or other evidence is not presented to the successor within 10
3 days, the successor may pay the tax and the amount paid shall, to the
4 extent paid, be considered a payment of the purchase price. If the tax
5 paid by the successor is greater than the purchase price, the amount
6 of the difference is a debt due to the successor from the seller or
7 transferor.

8 “(4) A successor is not liable for any tax due from the person from
9 whom the successor has acquired a business or stock of goods if the
10 successor gives written notice to the department of the acquisition and
11 the department does not assess a deficiency against the seller or
12 transferor within six months of receipt of the notice of acquisition and
13 mail or deliver a copy of the assessment to the successor.

14
15 **“DISPOSITION OF PROCEEDS**

16
17 **“SECTION 25. Payments to department.** For the purposes of
18 sections 1 to 31 of this 2015 Act, and except as otherwise provided by
19 law, all taxes, interest and penalties imposed and all amounts of
20 commercial activity tax collected or required to be paid to the state
21 shall be paid to the Department of Revenue and upon receipt by the
22 department shall be turned over to the State Treasurer, to be dis-
23 bursed as provided in section 26 of this 2015 Act.

24 **“SECTION 26. Suspense account, other disposition.** (1) Except as
25 otherwise provided by law, all moneys received by the Department of
26 Revenue under sections 1 to 31 of this 2015 Act shall be deposited in
27 the State Treasury and credited to a suspense account established
28 under ORS 293.445 separate and apart from the General Fund. Refunds,
29 including refunds of erroneous overpayments or refunds of other
30 moneys received in which the department has no legal interest, shall

1 be paid out of the suspense account. After payment of refunds, the net
2 revenue shall be held in the General Fund as miscellaneous receipts
3 available generally to meet any expense or obligation of the State of
4 Oregon lawfully incurred. A working balance of unreceipted revenue
5 from the tax imposed by sections 1 to 31 of this 2015 Act may be re-
6 tained for the payment of refunds, but such working balance may not
7 at the close of any fiscal year exceed the sum of \$500,000.

8 “(2) There is continuously appropriated continuously to the depart-
9 ment, out of the General Fund, amounts necessary to pay the admin-
10 istrative expenses of the department in administering, collecting and
11 enforcing the commercial activity tax.

12
13 “PENALTIES
14

15 “SECTION 27. (1) Any person required under sections 1 to 31 of this
16 2015 Act to make, render, furnish, sign or verify any commercial ac-
17 tivity tax return who makes any false or fraudulent or supplementary
18 return, with intent to defeat or evade the determination of an amount
19 of tax due, is subject to the penalty and shall be punished as provided
20 under ORS 314.991 (1).

21 “(2) Any person who fails or refuses to file any commercial activity
22 tax return or supplementary return, or to furnish any information
23 required by the Department of Revenue, shall be punished, upon con-
24 viction, as provided under ORS 305.990 (4).

25 “(3) Violation of any provision contained in sections 1 to 31 of this
26 2015 Act, or any rule adopted thereunder, shall be punished, upon
27 conviction, as provided under ORS 305.990 (4).

28 “SECTION 28. Unauthorized engaging in business. (1) Any person
29 who engages in business within this state without having registered
30 with the Department of Revenue under section 10 of this 2015 Act is

1 punishable, upon conviction, as provided in ORS 305.990 (4).

2 “(2) Any person who engages in business in this state after having
3 registered with the department and having had the registration re-
4 voked under section 12 of this 2015 Act is guilty of a Class C felony.

5 **“SECTION 29. Resale certificate, fraudulent.** Any person who
6 willfully tenders a resale certificate under section 15 of this 2015 Act
7 that is false, fraudulent or invalid to a seller or who, under false or
8 knowingly misleading circumstances, tenders a resale certificate to a
9 seller, is punishable, upon conviction, as provided under ORS 305.990
10 (4).

11 **“SECTION 30. Corporations.** For purposes of sections 27, 28 and 29
12 of this 2015 Act, ‘person’ includes an officer or employee of a corpo-
13 ration or a member or employee of a partnership.

14 **“SECTION 31. Penalties additional to all other penalties.** Any of
15 the penalties provided in sections 27, 28 and 29 of this 2015 Act are in
16 addition to all other penalties applicable to sections 1 to 31 of this 2015
17 Act.

18
19 **“APPLICABILITY OF SECTIONS 1 TO 31 OF THIS 2015 ACT**

20
21 **“SECTION 32. Sections 1 to 31 of this 2015 Act apply to gross re-**
22 **ceipts received on or after January 1, 2017.**

23
24 **“PERSONAL INCOME TAX**

25
26 **“SECTION 33.** ORS 316.695 is amended to read:

27 “316.695. (1) In addition to the modifications to federal taxable income
28 contained in this chapter, there shall be added to or subtracted from federal
29 taxable income:

30 “(a) If, in computing federal income tax for a tax year, the taxpayer de-

1 ducted itemized deductions, as defined in section 63(d) of the Internal Reve-
2 nue Code, the taxpayer shall add the amount of itemized deductions deducted
3 (the itemized deductions less an amount, if any, by which the itemized de-
4 ductions are reduced under section 68 of the Internal Revenue Code).

5 “(b) If, in computing federal income tax for a tax year, the taxpayer de-
6 ducted the standard deduction, as defined in section 63(c) of the Internal
7 Revenue Code, the taxpayer shall add the amount of the standard deduction
8 deducted.

9 “(c)(A) From federal taxable income there shall be subtracted the larger
10 of (i) the taxpayer’s itemized deductions or (ii) a standard deduction. Except
11 as provided in subsection (8) of this section, for purposes of this subpara-
12 graph, ‘standard deduction’ means the sum of the basic standard deduction
13 and the additional standard deduction.

14 “(B) For purposes of subparagraph (A) of this paragraph, the basic
15 standard deduction is:

16 “(i) [~~\$3,280~~] \$_____, in the case of joint return filers or a surviving
17 spouse;

18 “(ii) [~~\$1,640~~] \$_____, in the case of an individual who is not a married
19 individual and is not a surviving spouse;

20 “(iii) [~~\$1,640~~] \$_____, in the case of a married individual who files a
21 separate return; or

22 “(iv) [~~\$2,640~~] \$_____, in the case of a head of household.

23 “(C)(i) For purposes of subparagraph (A) of this paragraph for tax years
24 beginning on or after January 1, 2003, the Department of Revenue shall an-
25 nually recompute the basic standard deduction for each category of return
26 filer listed under subparagraph (B) of this paragraph. The basic standard
27 deduction shall be computed by dividing the monthly averaged U.S. City
28 Average Consumer Price Index for the 12 consecutive months ending August
29 31 of the prior calendar year by the average U.S. City Average Consumer
30 Price Index for the second quarter of 2002, then multiplying that quotient

1 by the amount listed under subparagraph (B) of this paragraph for each
2 category of return filer.

3 “(ii) If any change in the maximum household income determined under
4 this subparagraph is not a multiple of \$5, the increase shall be rounded to
5 the next lower multiple of \$5.

6 “(iii) As used in this subparagraph, ‘U.S. City Average Consumer Price
7 Index’ means the U.S. City Average Consumer Price Index for All Urban
8 Consumers (All Items) as published by the Bureau of Labor Statistics of the
9 United States Department of Labor.

10 “(D) For purposes of subparagraph (A) of this paragraph, the additional
11 standard deduction is the sum of each additional amount to which the tax-
12 payer is entitled under subsection (7) of this section.

13 “(E) As used in subparagraph (B) of this paragraph, ‘surviving spouse’ and
14 ‘head of household’ have the meaning given those terms in section 2 of the
15 Internal Revenue Code.

16 “(F) In the case of the following, the standard deduction referred to in
17 subparagraph (A) of this paragraph shall be zero:

18 “(i) A husband or wife filing a separate return where the other spouse
19 has claimed itemized deductions under subparagraph (A) of this paragraph;

20 “(ii) A nonresident alien individual;

21 “(iii) An individual making a return for a period of less than 12 months
22 on account of a change in the individual’s annual accounting period;

23 “(iv) An estate or trust;

24 “(v) A common trust fund; or

25 “(vi) A partnership.

26 “(d) For the purposes of paragraph (c)(A) of this subsection, the taxpayer’s
27 itemized deductions are the amount of the taxpayer’s itemized deductions as
28 defined in section 63(d) of the Internal Revenue Code (reduced, if applicable,
29 as described under section 68 of the Internal Revenue Code) minus the de-
30 duction for Oregon income tax (reduced, if applicable, by the proportion that

1 the reduction in federal itemized deductions resulting from section 68 of the
2 Internal Revenue Code bears to the amount of federal itemized deductions
3 as defined for purposes of section 68 of the Internal Revenue Code).

4 “(2)(a) There shall be subtracted from federal taxable income any portion
5 of the distribution of a pension, profit-sharing, stock bonus or other retire-
6 ment plan, representing that portion of contributions which were taxed by
7 the State of Oregon but not taxed by the federal government under laws in
8 effect for tax years beginning prior to January 1, 1969, or for any subsequent
9 year in which the amount that was contributed to the plan under the Inter-
10 nal Revenue Code was greater than the amount allowed under this chapter.

11 “(b) Interest or other earnings on any excess contributions of a pension,
12 profit-sharing, stock bonus or other retirement plan not permitted to be de-
13 ducted under paragraph (a) of this subsection may not be added to federal
14 taxable income in the year earned by the plan and may not be subtracted
15 from federal taxable income in the year received by the taxpayer.

16 “(3)(a) Except as provided in subsection (4) of this section, there shall be
17 added to federal taxable income the amount of any federal income taxes in
18 excess of the amount provided in paragraphs (b) to (d) of this subsection,
19 accrued by the taxpayer during the tax year as described in ORS 316.685, less
20 the amount of any refund of federal taxes previously accrued for which a tax
21 benefit was received.

22 “(b) The limits applicable to this subsection are:

23 “(A) \$5,500, if the federal adjusted gross income of the taxpayer for the
24 tax year is less than \$125,000, or, if reported on a joint return, less than
25 \$250,000.

26 “(B) \$4,400, if the federal adjusted gross income of the taxpayer for the
27 tax year is \$125,000 or more and less than \$130,000, or, if reported on a joint
28 return, \$250,000 or more and less than \$260,000.

29 “(C) \$3,300, if the federal adjusted gross income of the taxpayer for the
30 tax year is \$130,000 or more and less than \$135,000, or, if reported on a joint

1 return, \$260,000 or more and less than \$270,000.

2 “(D) \$2,200, if the federal adjusted gross income of the taxpayer for the
3 tax year is \$135,000 or more and less than \$140,000, or, if reported on a joint
4 return, \$270,000 or more and less than \$280,000.

5 “(E) \$1,100, if the federal adjusted gross income of the taxpayer for the
6 tax year is \$140,000 or more and less than \$145,000, or, if reported on a joint
7 return, \$280,000 or more and less than \$290,000.

8 “(c) If the federal adjusted gross income of the taxpayer is \$145,000 or
9 more for the tax year, or, if reported on a joint return, \$290,000 or more, the
10 limit is zero and the taxpayer is not allowed a subtraction for federal income
11 taxes under ORS 316.680 (1) for the tax year.

12 “(d) In the case of a husband and wife filing separate tax returns, the
13 amount added shall be in the amount of any federal income taxes in excess
14 of 50 percent of the amount provided for individual taxpayers under para-
15 graphs (a) to (c) of this subsection, less the amount of any refund of federal
16 taxes previously accrued for which a tax benefit was received.

17 “(e) For purposes of this subsection, the limits applicable to a joint return
18 shall apply to a head of household or a surviving spouse, as defined in sec-
19 tion 2(a) and (b) of the Internal Revenue Code.

20 “(f)(A) For a calendar year beginning on or after January 1, 2008, the
21 Department of Revenue shall make a cost-of-living adjustment to the federal
22 income tax threshold amounts described in paragraphs (b) and (d) of this
23 subsection.

24 “(B) The cost-of-living adjustment for a calendar year is the percentage
25 by which the monthly averaged U.S. City Average Consumer Price Index for
26 the 12 consecutive months ending August 31 of the prior calendar year ex-
27 ceeds the monthly averaged index for the period beginning September 1, 2005,
28 and ending August 31, 2006.

29 “(C) As used in this paragraph, ‘U.S. City Average Consumer Price
30 Index’ means the U.S. City Average Consumer Price Index for All Urban

1 Consumers (All Items) as published by the Bureau of Labor Statistics of the
2 United States Department of Labor.

3 “(D) If any adjustment determined under subparagraph (B) of this para-
4 graph is not a multiple of \$50, the adjustment shall be rounded to the next
5 lower multiple of \$50.

6 “(E) The adjustment shall apply to all tax years beginning in the calendar
7 year for which the adjustment is made.

8 “(4)(a) In addition to the adjustments required by ORS 316.130, a full-year
9 nonresident individual shall add to taxable income a proportion of any ac-
10 crued federal income taxes as computed under ORS 316.685 in excess of the
11 amount provided in subsection (3) of this section in the proportion provided
12 in ORS 316.117.

13 “(b) In the case of a husband and wife filing separate tax returns, the
14 amount added under this subsection shall be computed in a manner consist-
15 ent with the computation of the amount to be added in the case of a husband
16 and wife filing separate returns under subsection (3) of this section. The
17 method of computation shall be determined by the Department of Revenue
18 by rule.

19 “(5) Subsections (3)(d) and (4)(b) of this section shall not apply to married
20 individuals living apart as defined in section 7703(b) of the Internal Revenue
21 Code.

22 “(6)(a) For tax years beginning on or after January 1, 1981, and prior to
23 January 1, 1983, income or loss taken into account in determining federal
24 taxable income by a shareholder of an S corporation pursuant to sections
25 1373 to 1375 of the Internal Revenue Code shall be adjusted for purposes of
26 determining Oregon taxable income, to the extent that as income or loss of
27 the S corporation, they were required to be adjusted under the provisions
28 of ORS chapter 317.

29 “(b) For tax years beginning on or after January 1, 1983, items of income,
30 loss or deduction taken into account in determining federal taxable income

1 by a shareholder of an S corporation pursuant to sections 1366 to 1368 of the
2 Internal Revenue Code shall be adjusted for purposes of determining Oregon
3 taxable income, to the extent that as items of income, loss or deduction of
4 the shareholder the items are required to be adjusted under the provisions
5 of this chapter.

6 “(c) The tax years referred to in paragraphs (a) and (b) of this subsection
7 are those of the S corporation.

8 “(d) As used in paragraph (a) of this subsection, an S corporation refers
9 to an electing small business corporation.

10 “(7)(a) The taxpayer shall be entitled to an additional amount, as referred
11 to in subsection (1)(c)(A) and (D) of this section, of \$1,000:

12 “(A) For the taxpayer if the taxpayer has attained age 65 before the close
13 of the taxpayer’s tax year; and

14 “(B) For the spouse of the taxpayer if the spouse has attained age 65 be-
15 fore the close of the tax year and an additional exemption is allowable to
16 the taxpayer for such spouse for federal income tax purposes under section
17 151(b) of the Internal Revenue Code.

18 “(b) The taxpayer shall be entitled to an additional amount, as referred
19 to in subsection (1)(c)(A) and (D) of this section, of \$1,000:

20 “(A) For the taxpayer if the taxpayer is blind at the close of the tax year;
21 and

22 “(B) For the spouse of the taxpayer if the spouse is blind as of the close
23 of the tax year and an additional exemption is allowable to the taxpayer for
24 such spouse for federal income tax purposes under section 151(b) of the
25 Internal Revenue Code. For purposes of this subparagraph, if the spouse dies
26 during the tax year, the determination of whether such spouse is blind shall
27 be made immediately prior to death.

28 “(c) In the case of an individual who is not married and is not a surviving
29 spouse, paragraphs (a) and (b) of this subsection shall be applied by substi-
30 tuting ‘\$1,200’ for ‘\$1,000.’

1 “(d) For purposes of this subsection, an individual is blind only if the
2 individual’s central visual acuity does not exceed 20/200 in the better eye
3 with correcting lenses, or if the individual’s visual acuity is greater than
4 20/200 but is accompanied by a limitation in the fields of vision such that
5 the widest diameter of the visual field subtends an angle no greater than 20
6 degrees.

7 “(8) In the case of an individual with respect to whom a deduction under
8 section 151 of the Internal Revenue Code is allowable for federal income tax
9 purposes to another taxpayer for a tax year beginning in the calendar year
10 in which the individual’s tax year begins, the basic standard deduction (re-
11 ferred to in subsection (1)(c)(B) of this section) applicable to such individual
12 for such individual’s tax year shall equal the lesser of:

13 “(a) The amount allowed to the individual under section 63(c)(5) of the
14 Internal Revenue Code for federal income tax purposes for the tax year for
15 which the deduction is being claimed; or

16 “(b) The amount determined under subsection (1)(c)(B) of this section.

17 **SECTION 34.** ORS 316.037 is amended to read:

18 “316.037. (1)(a) A tax is imposed for each taxable year on the entire tax-
19 able income of every resident of this state. The amount of the tax shall be
20 determined in accordance with the following table:

21 “[_____]

<i>If taxable income is:</i>	<i>The tax is:</i>
22	
23	
24 <i>Not over \$2,000</i>	<i>5% of</i>
25	<i>taxable</i>
26	<i>income</i>
27	
28 <i>Over \$2,000 but not</i>	
29 <i>over \$5,000</i>	<i>\$100 plus 7%</i>
30	<i>of the excess</i>

1 over \$2,000

2

3 Over \$5,000 but not

4 over \$125,000 \$310 plus 9%

5 of the excess

6 over \$5,000

7

8 Over \$125,000 \$11,110 plus 9.9%

9 of the excess

10 over \$125,000

11 “[_____]

12 “ _____

13 **If taxable income is: The tax is:**

14

15 **Not over \$_____ _____% of the excess**

16 **over \$_____**

17

18 **Over \$_____ but not**

19 **over \$_____ \$_____ plus _____%**

20 **of the excess**

21 **over \$_____**

22

23 **Over \$_____ \$_____ plus _____%**

24 **of the excess**

25 **over \$_____**

26 “ _____

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

30 “(A) [Except as provided in subparagraph (D) of this paragraph,] The

1 minimum and maximum dollar amounts for each bracket for which a tax is
2 imposed shall be increased by the cost-of-living adjustment for the calendar
3 year.

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

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

8 “[*(D) The rate brackets applicable to taxable income in excess of \$125,000*
9 *may not be adjusted.*]

10 “(c) For purposes of paragraph (b) of this subsection, the cost-of-living
11 adjustment for any calendar year is the percentage (if any) by which the
12 monthly averaged U.S. City Average Consumer Price Index for the 12 con-
13 secutive months ending August 31 of the prior calendar year exceeds the
14 monthly averaged index for the second quarter of the calendar year [1992]
15 **2014**.

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

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

23 “(2) A tax is imposed for each taxable year upon the entire taxable income
24 of every part-year resident of this state. The amount of the tax shall be
25 computed under subsection (1) of this section as if the part-year resident
26 were a full-year resident and shall be multiplied by the ratio provided under
27 ORS 316.117 to determine the tax on income derived from sources within this
28 state.

29 “(3) A tax is imposed for each taxable year on the taxable income of every
30 full-year nonresident that is derived from sources within this state. The

1 amount of the tax shall be determined in accordance with the table set forth
2 in subsection (1) of this section.

3 **“SECTION 35.** ORS 315.266 is amended to read:

4 “315.266. (1) In addition to any other credit available for purposes of ORS
5 chapter 316, an eligible resident individual shall be allowed a credit against
6 the tax otherwise due under ORS chapter 316 for the tax year in an amount
7 equal to [*eight*] _____ percent of the earned income credit allowable to the
8 individual for the same tax year under section 32 of the Internal Revenue
9 Code.

10 “(2) An eligible nonresident individual shall be allowed the credit com-
11 puted in the same manner and subject to the same limitations as the credit
12 allowed a resident by subsection (1) of this section. However, the credit shall
13 be prorated using the proportion provided in ORS 316.117.

14 “(3) If a change in the taxable year of a taxpayer occurs as described in
15 ORS 314.085, or if the Department of Revenue terminates the taxpayer’s
16 taxable year under ORS 314.440, the credit allowed by this section shall be
17 prorated or computed in a manner consistent with ORS 314.085.

18 “(4) If a change in the status of a taxpayer from resident to nonresident
19 or from nonresident to resident occurs, the credit allowed by this section
20 shall be determined in a manner consistent with ORS 316.117.

21 “(5) If the amount allowable as a credit under this section, when added
22 to the sum of the amounts allowable as payment of tax under ORS 316.187
23 or 316.583, other tax prepayment amounts and other refundable credit
24 amounts, exceeds the taxes imposed by ORS chapters 314 and 316 for the tax
25 year after application of any nonrefundable credits allowable for purposes
26 of ORS chapter 316 for the tax year, the amount of the excess shall be re-
27 funded to the taxpayer as provided in ORS 316.502.

28 “(6) The Department of Revenue may adopt rules for purposes of this
29 section, including but not limited to rules relating to proof of eligibility and
30 the furnishing of information regarding the federal earned income credit

1 claimed by the taxpayer for the tax year.

2 “(7) Refunds attributable to the earned income credit allowed under this
3 section [*shall*] **do** not bear interest.

4 **“SECTION 36. The amendments to ORS 316.695, 316.037 and 315.266
5 by sections 33 to 35 of this 2015 Act apply to tax years beginning on
6 or after January 1, 2017.**

7

8 **“CORPORATION INCOME TAX**

9

10 **“SECTION 37. The provisions of ORS chapter 318 apply to tax years
11 beginning before January 1, 2017.**

12 **“SECTION 38. This 2015 Act takes effect on the 91st day after the
13 date on which the 2015 regular session of the Seventy-eighth Legisla-
14 tive Assembly adjourns sine die.”.**

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