

**PROPOSED AMENDMENTS TO  
HOUSE BILL 2041**

1 On page 1 of the printed bill, line 2, after “ORS” delete the rest of the  
2 line and insert “305.140, 305.895, 305.992 and 316.680, sections 44 and 69,  
3 chapter 1, Oregon Laws 2015; repealing sections 31, 32, 33, 34, 35, 36, 37, 38,  
4 39, 40, 41, 42, 43 and 71, chapter 1, Oregon Laws 2015; and prescribing an  
5 effective date.”.

6 Delete lines 4 through 31 and delete pages 2 through 5 and insert:  
7

8 **“TAX**

9  
10 **“SECTION 1. As used in sections 1 to 13 of this 2015 Act:**

11 **“(1) ‘Cannabinoid concentrate,’ ‘cannabinoid edible,’ ‘cannabinoid**  
12 **extract,’ ‘cannabinoid product,’ ‘consumer,’ ‘immature marijuana**  
13 **plant,’ ‘marijuana flowers,’ ‘marijuana items,’ ‘marijuana leaves’ and**  
14 **‘marijuana retailer’ have the meanings given those terms in section**  
15 **5, chapter 1, Oregon Laws 2015.**

16 **“(2) ‘Retail sale’ means any transfer, exchange, gift or barter of a**  
17 **marijuana item by any person to a consumer.**

18 **“(3) ‘Retail sales price’ means the price paid for a marijuana item,**  
19 **excluding tax, to a marijuana retailer by or on behalf of a consumer**  
20 **of the marijuana item.**

21 **“SECTION 2. (1) A tax is hereby imposed upon the retail sale of**  
22 **marijuana items in this state. The tax imposed by this section is a**

1 **direct tax on the consumer, for which payment upon retail sale is re-**  
2 **quired to achieve convenience and facility in the collection and ad-**  
3 **ministration of the tax. The tax shall be collected at the point of sale**  
4 **of a marijuana item by a marijuana retailer at the time at which the**  
5 **retail sale occurs.**

6 **“(2) The tax imposed under this section shall be imposed at the rate**  
7 **of:**

8 **“(a) 17 percent of the retail sales price of marijuana leaves;**

9 **“(b) 17 percent of the retail sales price of marijuana flowers;**

10 **“(c) 17 percent of the retail sales price of immature marijuana**  
11 **plants;**

12 **“(d) 17 percent of the retail sales price of a cannabinoid edible;**

13 **“(e) 17 percent of the retail sales price of a cannabinoid concen-**  
14 **trate;**

15 **“(f) 17 percent of the retail sales price of a cannabinoid extract;**

16 **“(g) 17 percent of the retail sales price of a cannabinoid product**  
17 **that is intended to be used by applying the cannabinoid product to the**  
18 **skin or hair; and**

19 **“(h) 17 percent of the retail sales price of cannabinoid products**  
20 **other than those described in paragraph (g) of this subsection.**

21 **“(3) If the tax imposed under this section does not equal an amount**  
22 **calculable to a whole cent, the tax shall be equal to the next higher**  
23 **whole cent.**

24 **“(4) The amount of the tax shall be separately stated on an invoice,**  
25 **receipt or other similar document that the marijuana retailer provides**  
26 **to the consumer, or shall be otherwise disclosed to the consumer.**

27 **“(5) A person may not knowingly sell, purchase, install, transfer**  
28 **or possess software programs or other electronic devices intended to**  
29 **hide or to remove records of retail sales of marijuana items or to fal-**  
30 **sify records of retail sales of marijuana items.**

1       **“SECTION 3. (1) Except as otherwise provided in sections 1 to 13**  
2 **of this 2015 Act, the tax imposed upon the consumer under section 2**  
3 **of this 2015 Act shall be collected at the point of sale and remitted by**  
4 **each marijuana retailer that engages in the retail sale of marijuana**  
5 **items. The tax is considered a tax upon the marijuana retailer that is**  
6 **required to collect the tax, and the marijuana retailer is considered a**  
7 **taxpayer.**

8       **“(2) The marijuana retailer shall submit a return to the Department**  
9 **of Revenue on or before the last day of January, April, July and Oc-**  
10 **tober of each year for the previous calendar quarter.**

11       **“(3) The marijuana retailer shall pay the tax to the department in**  
12 **the form and manner prescribed by the department, but not later than**  
13 **with each quarterly return, without regard to extensions under sub-**  
14 **section (5) of this section.**

15       **“(4) Marijuana retailers shall file the returns required under this**  
16 **section regardless of whether any tax is owed.**

17       **“(5) The department for good cause may extend the time for making**  
18 **any return under this section. The extension may be granted at any**  
19 **time if a written request is filed with the department during or prior**  
20 **to the period for which the extension may be granted. The department**  
21 **may not grant an extension of more than 30 days.**

22       **“(6) Interest shall be added at the rate established under ORS**  
23 **305.220 for each month, or fraction of a month, from the time the re-**  
24 **turn was originally required to be filed to the time of payment.**

25       **“(7) Except as provided in subsections (8) and (9) of this section, the**  
26 **period prescribed for the department to allow or make a refund of any**  
27 **overpayment of tax paid under sections 1 to 13 of this 2015 Act shall**  
28 **be as provided in ORS 314.415.**

29       **“(8)(a) The department shall first apply any overpayment of tax to**  
30 **any marijuana tax that is then owed.**

1       “(b) If after any offset against any delinquent amount the over-  
2 payment of tax remains greater than \$1,000, the entire refund shall be  
3 applied as a credit against the next subsequent calendar quarter as an  
4 estimated payment.

5       “(9) The department may not make a refund of, or credit, any  
6 overpayment of tax under sections 1 to 13 of this 2015 Act that was  
7 credited to the account of a marijuana retailer under subsection (8)(b)  
8 of this section if the return for that tax period is not filed within three  
9 years after the due date of that return.

10       “SECTION 4. (1) Every person who collects any amount under sec-  
11 tion 3 of this 2015 Act shall hold the same in trust for the State of  
12 Oregon and for the payment thereof to the Department of Revenue in  
13 the manner and at the time provided in section 3 of this 2015 Act.

14       “(2) At any time a marijuana retailer fails to remit any amount  
15 collected, the department may enforce collection by the issuance of a  
16 distraint warrant for the collection of the delinquent amount and all  
17 penalties, interest and collection charges accrued thereon. The war-  
18 rant shall be issued, recorded and proceeded upon in the same manner  
19 and shall have the same force and effect as is prescribed with respect  
20 to warrants for the collection of delinquent income taxes.

21       “(3)(a) In the case of a marijuana retailer that is assessed pursuant  
22 to the provisions of ORS 305.265 (12) and 314.407 (1), the department  
23 may issue a notice of liability to any officer, employee or member of  
24 the marijuana retailer within three years from the time of assessment.  
25 Within 30 days from the date the notice of liability is mailed to the  
26 officer, employee or member, the officer, employee or member shall  
27 pay the assessment, plus penalties and interest, or advise the depart-  
28 ment in writing of objections to the liability and, if desired, request a  
29 conference. A conference shall be governed by the provisions of ORS  
30 305.265 pertaining to a conference requested from a notice of defi-

1 **ciency.**

2 **“(b) After a conference or, if no conference is requested, a deter-**  
3 **mination of the issues considering the written objections, the depart-**  
4 **ment shall mail the officer, employee or member a conference letter**  
5 **affirming, canceling or adjusting the notice of liability. Within 90 days**  
6 **from the date the conference letter is mailed to the officer, employee**  
7 **or member, the officer, employee or member shall pay the assessment,**  
8 **plus penalties and interest, or appeal to the tax court in the manner**  
9 **provided for an appeal from a notice of assessment.**

10 **“(c) If the department does not receive payment or written ob-**  
11 **jection to the notice of liability within 30 days after the notice of li-**  
12 **ability was mailed, the notice of liability becomes final. In that event,**  
13 **the officer, employee or member may appeal the notice of liability to**  
14 **the tax court within 90 days after it became final in the manner pro-**  
15 **vided for an appeal from a notice of assessment.**

16 **“(4)(a) In the case of a failure to file a return on the due date,**  
17 **governed by the provisions of ORS 305.265 (10) and 314.400, the depart-**  
18 **ment, in addition to any action described in the provisions of ORS**  
19 **305.265 (10) and 314.400, may send notices of determination and assess-**  
20 **ment to any officer, employee or member any time within three years**  
21 **after the assessment. The time of assessment against the officer, em-**  
22 **ployee or member is 30 days after the date the notice of determination**  
23 **and assessment is mailed. Within 30 days from the date the notice of**  
24 **determination and assessment is mailed to the officer, employee or**  
25 **member, the officer, employee or member shall pay the assessment,**  
26 **plus penalties and interest, or advise the department in writing of ob-**  
27 **jections to the assessment and, if desired, request a conference. A**  
28 **conference shall be governed by the provisions of ORS 305.265 per-**  
29 **taining to a conference requested from a notice of deficiency.**

30 **“(b) After a conference or, if no conference is requested, a deter-**

1 **mination of the issues considering the written objections, the depart-**  
2 **ment shall mail the officer, employee or member a conference letter**  
3 **affirming, canceling or adjusting the notice of determination and as-**  
4 **essment. Within 90 days from the date the conference letter is mailed**  
5 **to the officer, employee or member, the officer, employee or member**  
6 **shall pay the assessment, plus penalties and interest, or appeal in the**  
7 **manner provided for an appeal from a notice of assessment.**

8 **“(c) If the department does not receive payment or written ob-**  
9 **jection to the notice of determination and assessment within 30 days**  
10 **after the notice of determination and assessment was mailed, the no-**  
11 **tice of determination and assessment becomes final. In that event, the**  
12 **officer, employee or member may appeal the notice of determination**  
13 **and assessment to the tax court within 90 days after it became final**  
14 **in the manner provided for an appeal from a notice of assessment.**

15 **“(5)(a) More than one officer or employee of a corporation may be**  
16 **held jointly and severally liable for payment of taxes.**

17 **“(b) Notwithstanding the confidentiality provisions of section 10 of**  
18 **this 2015 Act, if more than one officer or employee of a corporation**  
19 **may be held jointly and severally liable for payment of taxes, the de-**  
20 **partment may require any or all of the officers, members or employees**  
21 **who may be held liable to appear before the department for a joint**  
22 **determination of liability. The department shall notify each officer,**  
23 **member or employee of the time and place set for the determination**  
24 **of liability.**

25 **“(c) Each person notified of a joint determination under this sub-**  
26 **section shall appear and present such information as is necessary to**  
27 **establish that person’s liability or nonliability for payment of taxes to**  
28 **the department. If a person who was notified fails to appear, the de-**  
29 **partment shall make its determination on the basis of all the infor-**  
30 **mation and evidence presented. The department’s determination is**

1 binding on all persons notified and required to appear under this sub-  
2 section.

3 “(d)(A) If an appeal is taken to the Oregon Tax Court pursuant to  
4 section 10 of this 2015 Act by any person determined to be liable for  
5 unpaid taxes under this subsection, each person required to appear  
6 before the department under this subsection shall be impleaded by the  
7 plaintiff. The department may implead any officer, employee or mem-  
8 ber who may be held jointly and severally liable for the payment of  
9 taxes. Each person impleaded under this paragraph shall be made a  
10 party to the action before the tax court and shall make available to  
11 the tax court the information that was presented before the depart-  
12 ment, as well as other information that may be presented to the court.

13 “(B) The court may determine that one or more persons impleaded  
14 under this paragraph are liable for unpaid taxes without regard to any  
15 earlier determination by the department that an impleaded person was  
16 not liable for unpaid taxes.

17 “(C) If a person required to appear before the court under this  
18 subsection fails or refuses to appear or bring such information in part  
19 or in whole, or is outside the jurisdiction of the tax court, the court  
20 shall make its determination on the basis of all the evidence intro-  
21 duced. Notwithstanding section 10 of this 2015 Act, the evidence con-  
22 stitutes a public record and shall be available to the parties and the  
23 court. The determination of the tax court is binding on all persons  
24 made parties to the action under this subsection.

25 “(e) This section may not be construed to preclude a determination  
26 by the department or the Oregon Tax Court that more than one offi-  
27 cer, employee or member are jointly and severally liable for unpaid  
28 taxes.

29 **“SECTION 5. (1) A marijuana retailer shall keep receipts, invoices**  
30 **and other pertinent records related to retail sales of marijuana items**

1 in the form required by the Department of Revenue. Each record shall  
2 be preserved for five years from the time to which the record relates,  
3 or for as long as the marijuana retailer retains the marijuana items  
4 to which the record relates, whichever is later. During the retention  
5 period and at any time prior to the destruction of records, the de-  
6 partment may give written notice to the marijuana retailer not to  
7 destroy records described in the notice without written permission of  
8 the department. Notwithstanding any other provision of law, the de-  
9 partment shall preserve reports and returns filed with the department  
10 for at least five years.

11 “(2) The department or its authorized representative, upon oral or  
12 written demand, may make examinations of the books, papers, records  
13 and equipment of persons making retail sales of marijuana items and  
14 any other investigations as the department deems necessary to carry  
15 out the provisions of sections 1 to 13 of this 2015 Act.

16 “SECTION 6. (1) The Department of Revenue has authority, by or-  
17 der or subpoena to be served with the same force and effect and in the  
18 same manner as a subpoena is served in a civil action in the circuit  
19 court, or the Oregon Tax Court, to require the production at any time  
20 and place the department designates of any books, papers, accounts  
21 or other information necessary to carry out sections 1 to 13 of this 2015  
22 Act. The department may require the attendance of any person having  
23 knowledge in the premises, and may take testimony and require proof  
24 material for the information, with power to administer oaths to the  
25 person.

26 “(2) If a person fails to comply with a subpoena or order of the de-  
27 partment or to produce or permit the examination or inspection of any  
28 books, papers, records and equipment pertinent to an investigation or  
29 inquiry under sections 1 to 13 of this 2015 Act, or to testify to any  
30 matter regarding which the person is lawfully interrogated, the de-

1 department may apply to the Oregon Tax Court or to the circuit court  
2 of the county in which the person resides or where the person is for  
3 an order to the person to attend and testify, or otherwise to comply  
4 with the demand or request of the department. The department shall  
5 apply to the court by ex parte motion, upon which the court shall  
6 make an order requiring the person against whom the motion is di-  
7 rected to comply with the request or demand of the department within  
8 10 days after the service of the order, or within the additional time  
9 granted by the court, or to justify the failure within that time. The  
10 order shall be served upon the person to whom it is directed in the  
11 manner required by this state for service of process, which service is  
12 required to confer jurisdiction upon the court. Failure to obey any  
13 order issued by the court under this section is contempt of court. The  
14 remedy provided by this section is in addition to other remedies, civil  
15 or criminal, existing under the tax laws or other laws of this state.

16 **SECTION 7.** (1) Notwithstanding the confidentiality provisions of  
17 section 10 of this 2015 Act, the Department of Revenue may disclose  
18 information received under sections 1 to 13 and 19 of this 2015 Act to  
19 the Oregon Liquor Control Commission to carry out the provisions of  
20 sections 3 to 70, chapter 1, Oregon Laws 2015, and sections 1 to 13 of  
21 this 2015 Act.

22 **“(2)** The commission may disclose information obtained pursuant  
23 to sections 3 to 70, chapter 1, Oregon Laws 2015, and sections 1 to 13  
24 of this 2015 Act to the department for the purpose of carrying out the  
25 provisions of sections 3 to 70, chapter 1, Oregon Laws 2015, and  
26 sections 1 to 13 of this 2015 Act.

27 **“(3)** Except as otherwise provided in sections 3 to 70, chapter 1,  
28 Oregon Laws 2015, and sections 1 to 13 of this 2015 Act, a person  
29 aggrieved by an act or determination of the department or its au-  
30 thorized agent under sections 1 to 13 and 19 of this 2015 Act may ap-

1 **peal, within 90 days after the act or determination, to the Oregon Tax**  
2 **Court in the manner provided in ORS 305.404 to 305.560. These appeal**  
3 **rights are the exclusive remedy available to determine the person’s**  
4 **liability for the tax imposed under sections 1 to 13 of this 2015 Act.**

5 **“SECTION 8. (1) The Department of Revenue shall administer and**  
6 **enforce sections 1 to 13 of this 2015 Act. The department is authorized**  
7 **to establish rules and procedures for the implementation and enforce-**  
8 **ment of sections 1 to 13 of this 2015 Act that are consistent with**  
9 **sections 1 to 13 of this 2015 Act and that the department considers**  
10 **necessary and appropriate to administer and enforce sections 1 to 13**  
11 **of this 2015 Act.**

12 **“(2) The Oregon Liquor Control Commission shall enter into an**  
13 **agreement with the department for the purpose of administering and**  
14 **enforcing those provisions of sections 1 to 13 of this 2015 Act, and rules**  
15 **or procedures established for the purpose of implementing and en-**  
16 **forcing sections 1 to 13 of this 2015 Act, that the commission and the**  
17 **department determine are necessary for the effective and efficient**  
18 **administration, implementation and enforcement of sections 1 to 13**  
19 **of this 2015 Act.**

20 **“SECTION 9. (1)(a) When an amount represented by a marijuana**  
21 **retailer at retail to a consumer as constituting the tax imposed under**  
22 **sections 1 to 13 of this 2015 Act is computed upon an amount that is**  
23 **not taxable or is in excess of the taxable amount and is actually paid**  
24 **by the consumer to the marijuana retailer, the excess tax paid shall**  
25 **be returned by the marijuana retailer to the consumer upon written**  
26 **notification by the Department of Revenue or the consumer.**

27 **“(b) The written notification must contain information necessary**  
28 **to determine the validity of the consumer’s claim.**

29 **“(2) If the marijuana retailer does not return the excess tax within**  
30 **60 days after mailing of the written notification required under sub-**

1 section (1) of this section, the consumer may appeal to the department  
2 for a refund of the amount of the excess tax, in the manner and within  
3 the time allowed under rules adopted by the department.

4 “(3) If excess tax is returned to the consumer by the department,  
5 the department may issue a notice of deficiency for the excess tax to  
6 the marijuana retailer in the manner provided under ORS 305.265.

7 **“SECTION 10.** Except as otherwise provided in sections 1 to 13 of  
8 this 2015 Act or where the context requires otherwise, the provisions  
9 of ORS chapters 305 and 314 as to the audit and examination of re-  
10 turns, periods of limitation, determination of and notices of deficien-  
11 cies, assessments, collections, liens, delinquencies, claims for refund  
12 and refunds, conferences, appeals to the Oregon Tax Court, stays of  
13 collection pending appeal, confidentiality of returns and the penalties  
14 relative thereto, and the procedures relating thereto, apply to the de-  
15 terminations of taxes, penalties and interest under sections 1 to 13 of  
16 this 2015 Act.

17 **“SECTION 11.** (1) All moneys received by the Department of Reve-  
18 nue under sections 1 to 13 and 21a of this 2015 Act shall be deposited  
19 in the State Treasury and credited to a suspense account established  
20 under ORS 293.445. The department may pay expenses for the admin-  
21 istration and enforcement of sections 1 to 13 and 21a of this 2015 Act  
22 out of moneys received from the tax imposed under section 2 of this  
23 2015 Act. Amounts necessary to pay administrative and enforcement  
24 expenses are continuously appropriated to the department from the  
25 suspense account.

26 “(2) After the payment of administrative and enforcement expenses  
27 and refunds or credits arising from erroneous overpayments, the de-  
28 partment shall credit the balance of the moneys received by the de-  
29 partment under this section to the Oregon Marijuana Account  
30 established under section 44, chapter 1, Oregon Laws 2015.



1 “(d) To assist local law enforcement in performing its duties under [*this*  
2 *Act, ten percent shall*] **sections 3 to 70, chapter 1, Oregon Laws 2015, 10**  
3 **percent must** be transferred to the cities of [*the*] **this** state in the following  
4 shares:

5 “(A) For all distributions made from the Oregon Marijuana Account be-  
6 fore July 1, 2017, in such shares as the population of each city bears to the  
7 population of the cities of [*the*] **this** state, as determined by [*the State Board*  
8 *of Higher Education*] **Portland State University** last preceding such appor-  
9 tionment, under ORS 190.510 to 190.610; and

10 “(B) For all distributions made from the Oregon Marijuana Account on  
11 or after July 1, 2017:

12 “(i) Fifty percent of [*such ten*] **the 10** percent [*shall*] **must** be transferred  
13 in such shares as the number of licenses issued by the commission under  
14 sections 19 to 21, **chapter 1, Oregon Laws 2015**, [*of this Act*] during the  
15 calendar year preceding the date of the distribution for premises located in  
16 each city bears to the number of such licenses issued by the commission  
17 during such calendar year for all premises in [*the*] **this** state; and

18 “(ii) Fifty percent of [*such ten*] **the 10** percent [*shall*] **must** be transferred  
19 in such shares as the number of licenses issued by the commission under  
20 section 22, **chapter 1, Oregon Laws 2015**, [*of this Act*] during the calendar  
21 year preceding the date of the distribution for premises located in each city  
22 bears to the number of such licenses issued by the commission during such  
23 calendar year for all premises in [*the*] **this** state;

24 “(e) To assist local law enforcement in performing its duties under [*this*  
25 *Act, ten percent shall*] **sections 3 to 70, chapter 1, Oregon Laws 2015, 10**  
26 **percent must** be transferred to counties in the following shares:

27 “(A) For all distributions made from the Oregon Marijuana Account be-  
28 fore July 1, 2017, in such shares as their respective populations bear to the  
29 total population of [*the*] **this** state, as estimated from time to time by [*the*  
30 *State Board of Higher Education*] **Portland State University**; and

1 “(B) For all distributions made from the Oregon Marijuana Account on  
2 or after July 1, 2017:

3 “(i) Fifty percent of [*such ten*] **the 10** percent [*shall*] **must** be transferred  
4 in such shares as the number of licenses issued by the commission under  
5 sections 19 to 21, **chapter 1, Oregon Laws 2015**, [*of this Act*] during the  
6 calendar year preceding the date of the distribution for premises located in  
7 each county bears to the number of such licenses issued by the commission  
8 during such calendar year for all premises in [*the*] **this** state; and

9 “(ii) Fifty percent of [*such ten*] **the 10** percent [*shall*] **must** be transferred  
10 in such shares as the number of licenses issued by the commission under  
11 section 22, **chapter 1, Oregon Laws 2015**, [*of this Act*] during the calendar  
12 year preceding the date of the distribution for premises located in each  
13 county bears to the number of such licenses issued by the commission during  
14 such calendar year for all premises in [*the*] **this** state; and

15 “(f) Five percent [*shall*] **must** be transferred to the Oregon Health Au-  
16 thority to be used for the establishment, operation[,] and maintenance of al-  
17 cohol and drug abuse prevention, early intervention and treatment services.

18 “(4) **A city or county that adopts ordinances prohibiting the estab-**  
19 **lishment of a premises for which a license is issued under section 19,**  
20 **20, 21 or 22, chapter 1, Oregon Laws 2015, or prohibiting the establish-**  
21 **ment of an entity for which registration is required under ORS 475.300**  
22 **to 475.346, is not eligible to receive distributions under this section.**

23 “[~~(3)~~] (5) It is the intent of [*this section*] **the Legislative Assembly** that  
24 the moneys distributed from the Oregon Marijuana Account to the  
25 [*distributees*] **persons listed** in subsection [(2)] (3) of this section are in ad-  
26 dition to, **and not in lieu of**, any other [*available*] moneys **available** to such  
27 [*distributees and do not supplant moneys available from any other source*]  
28 **persons.**

29 “**SECTION 15.** ORS 305.140 is amended to read:

30 “305.140. (1) Any person having an interest in or lien upon any real

1 property may request the Department of Revenue in writing to release such  
2 real property from a cloud on the title of or lien on such property existing,  
3 created or continued under any one or more of the following:

4 “(a) A warrant provided for in ORS 314.430, 321.570 or 323.610 **or section**  
5 **4 of this 2015 Act**; or

6 “(b) The provisions of ORS 311.673, 311.679, 311.689, 311.711 or 311.771.

7 “(2) If, upon a request under subsection (1) of this section, the department  
8 finds that a sale of such real property would not result in satisfaction in  
9 whole or in part of the taxes due, it shall execute a release of such cloud  
10 or lien upon such property, and such release shall be conclusive evidence of  
11 the removal and extinguishment of such cloud or lien in respect of such real  
12 property.

13 “(3) In addition to the release of cloud or lien provided for in subsection  
14 (1) of this section, the department may execute releases on part or all of any  
15 real property in the following cases, which releases shall be conclusive evi-  
16 dence of the removal and extinguishment of such cloud or lien:

17 “(a) If the department finds that liability for the amount assessed, to-  
18 gether with all interest thereon and penalties and costs in respect thereof,  
19 has been satisfied;

20 “(b) If the department finds that the fair market value of that part of the  
21 property remaining subject to the cloud or lien is at least double the amount  
22 of the liability remaining unsatisfied in respect of such tax and the amount  
23 of all prior liens upon the property;

24 “(c) If there is supplied to the department either an irrevocable letter of  
25 credit issued by an insured institution as defined in ORS 706.008 or a bond,  
26 in such form and with such surety as the department considers sufficient,  
27 conditioned upon the payment of the amount of the warrant, together with  
28 all interest in respect thereof, within 60 days after the issuance of the re-  
29 lease; or

30 “(d) If there is paid to the department in partial satisfaction of the

1 amount of the warrant provided for in ORS 314.430, 321.570 or 323.610 **or**  
2 **section 4 of this 2015 Act** or the amount of any lien under ORS 311.673,  
3 311.679, 311.689, 311.711 or 311.771, an amount not less than the value, as  
4 determined by the department, of the lien of the State of Oregon upon the  
5 part of the property so to be released. In determining such value the de-  
6 partment shall give consideration to the fair market value of the part of the  
7 property so to be released and to such liens thereon as have priority to the  
8 lien of the State of Oregon.

9 **“SECTION 16.** ORS 305.895 is amended to read:

10 “305.895. (1) Except as provided in ORS 314.440 or other jeopardy assess-  
11 ment procedure, the Department of Revenue shall take no action against a  
12 taxpayer’s or transferee’s real or personal property before issuing a warrant  
13 for the collection of tax or an amount payable by a transferee under ORS  
14 311.695 as provided in ORS 314.430, 320.080, 321.570, 323.390, 323.610 and  
15 324.190 **and section 4 of this 2015 Act.**

16 “(2) At least 30 days before issuing a warrant for collection of any tax  
17 collected by the department or any amount payable under ORS 311.695, the  
18 department shall send the taxpayer or transferee a written notice and de-  
19 mand for payment. The notice shall:

20 “(a) Be sent by mail, addressed to the taxpayer or transferee at the  
21 taxpayer’s or transferee’s last-known address.

22 “(b) Inform the taxpayer or transferee that, even if the taxpayer or  
23 transferee is compliant with an installment agreement between the taxpayer  
24 or transferee and the department and is in communication with the depart-  
25 ment, if the tax or any portion of the tax or the amount payable under ORS  
26 311.695 is not paid within 30 days after the date of the notice and demand  
27 for payment, a warrant may be issued and recorded as provided in ORS  
28 314.430, 320.080, 321.570, 323.390, 323.610 and 324.190 **and section 4 of this**  
29 **2015 Act.**

30 “(c) Describe in clear nontechnical terms the legal authority for the

1 warrant.

2 “(d) Contain the name, office mailing address and office telephone number  
3 of the person issuing the warrant and advise the taxpayer or transferee that  
4 questions or complaints concerning the warrant, other than liability for the  
5 underlying tax or amount payable under ORS 311.695, may be directed to that  
6 person.

7 “(e) Include alternatives available to the taxpayer or transferee that  
8 would prevent issuance of the warrant.

9 “(f) Inform the taxpayer or transferee of possible consequences to the  
10 taxpayer or transferee of noncompliance, and of issuance of a warrant, in-  
11 cluding garnishment of wages or bank accounts and seizure and sale of real  
12 or personal property.

13 **“SECTION 17.** ORS 305.992 is amended to read:

14 “305.992. (1) If any returns required to be filed under ORS chapter 118,  
15 314, 316, 317, 318, 321 or 323 **or sections 1 to 13 of this 2015 Act** or under  
16 a local tax administered by the Department of Revenue under ORS 305.620  
17 are not filed for three consecutive years by the due date (including exten-  
18 sions) of the return required for the third consecutive year, there shall be a  
19 penalty for each year of 100 percent of the tax liability determined after  
20 credits and prepayments for each such year.

21 “(2) The penalty imposed under this section is in addition to any other  
22 penalty imposed by law. However, the total amount of penalties imposed for  
23 any taxable year under this section, ORS 305.265 (13), 314.400, 323.403 or  
24 323.585 *[shall]* **or section 10 of this 2015 Act** may not exceed 100 percent  
25 of the tax liability.

26 **“SECTION 18.** Section 19 of this 2015 Act is added to and made a  
27 part of ORS chapter 317.

28 **“SECTION 19.** Section 280E of the Internal Revenue Code applies to  
29 all trafficking in controlled substances in Schedule I or Schedule II  
30 that is prohibited by federal law or the laws of this state, other than

1 **conduct authorized under sections 3 to 70, chapter 1, Oregon Laws**  
2 **2015.**

3 **“SECTION 20.** ORS 316.680 is amended to read:

4 “316.680. (1) There shall be subtracted from federal taxable income:

5 “(a) The interest or dividends on obligations of the United States and its  
6 territories and possessions or of any authority, commission or  
7 instrumentality of the United States to the extent includable in gross income  
8 for federal income tax purposes but exempt from state income taxes under  
9 the laws of the United States. However, the amount subtracted under this  
10 paragraph shall be reduced by any interest on indebtedness incurred to carry  
11 the obligations or securities described in this paragraph, and by any expenses  
12 incurred in the production of interest or dividend income described in this  
13 paragraph to the extent that such expenses, including amortizable bond pre-  
14 miums, are deductible in determining federal taxable income.

15 “(b) The amount of any federal income taxes accrued by the taxpayer  
16 during the taxable year as described in ORS 316.685, less the amount of any  
17 refunds of federal taxes previously accrued for which a tax benefit was re-  
18 ceived.

19 “(c) Amounts allowable under sections 2621(a)(2) and 2622(b) of the  
20 Internal Revenue Code to the extent that the taxpayer does not elect under  
21 section 642(g) of the Internal Revenue Code to reduce federal taxable income  
22 by those amounts.

23 “(d) Any supplemental payments made to JOBS Plus Program participants  
24 under ORS 411.892.

25 “(e)(A) Federal pension income that is attributable to federal employment  
26 occurring before October 1, 1991. Federal pension income that is attributable  
27 to federal employment occurring before October 1, 1991, shall be determined  
28 by multiplying the total amount of federal pension income for the tax year  
29 by the ratio of the number of months of federal creditable service occurring  
30 before October 1, 1991, over the total number of months of federal creditable

1 service.

2 “(B) The subtraction allowed under this paragraph applies only to federal  
3 pension income received at a time when:

4 “(i) Benefit increases provided under chapter 569, Oregon Laws 1995, are  
5 in effect; or

6 “(ii) Public Employees Retirement System benefits received for service  
7 prior to October 1, 1991, are exempt from state income tax.

8 “(C) As used in this paragraph:

9 “(i) ‘Federal creditable service’ means those periods of time for which a  
10 federal employee earned a federal pension.

11 “(ii) ‘Federal pension’ means any form of retirement allowance provided  
12 by the federal government, its agencies or its instrumentalities to retirees  
13 of the federal government or their beneficiaries.

14 “(f) Any amount included in federal taxable income for the tax year that  
15 is attributable to the conversion of a regular individual retirement account  
16 into a Roth individual retirement account described in section 408A of the  
17 Internal Revenue Code, to the extent that:

18 “(A) The amount was subject to the income tax of another state or the  
19 District of Columbia in a prior tax year; and

20 “(B) The taxpayer was a resident of the other state or the District of  
21 Columbia for that prior tax year.

22 “(g) Any amounts awarded to the taxpayer by the Public Safety Memorial  
23 Fund Board under ORS 243.954 to 243.974 to the extent that the taxpayer has  
24 not taken the amount as a deduction in determining the taxpayer’s federal  
25 taxable income for the tax year.

26 “(h) If included in taxable income for federal tax purposes, the amount  
27 withdrawn during the tax year in qualified withdrawals from a college  
28 savings network account established under ORS 348.841 to 348.873.

29 “(i) **Any federal deduction that the taxpayer would have been al-**  
30 **lowed for the production, processing or sale of marijuana items au-**

1 **thorized under sections 3 to 70, chapter 1, Oregon Laws 2015, but for**  
2 **section 280E of the Internal Revenue Code.**

3 “(2) There shall be added to federal taxable income:

4 “(a) Interest or dividends, exempt from federal income tax, on obligations  
5 or securities of any foreign state or of a political subdivision or authority  
6 of any foreign state. However, the amount added under this paragraph shall  
7 be reduced by any interest on indebtedness incurred to carry the obligations  
8 or securities described in this paragraph and by any expenses incurred in the  
9 production of interest or dividend income described in this paragraph.

10 “(b) Interest or dividends on obligations of any authority, commission,  
11 instrumentality and territorial possession of the United States that by the  
12 laws of the United States are exempt from federal income tax but not from  
13 state income taxes. However, the amount added under this paragraph shall  
14 be reduced by any interest on indebtedness incurred to carry the obligations  
15 or securities described in this paragraph and by any expenses incurred in the  
16 production of interest or dividend income described in this paragraph.

17 “(c) The amount of any federal estate taxes allocable to income in respect  
18 of a decedent not taxable by Oregon.

19 “(d) The amount of any allowance for depletion in excess of the taxpayer’s  
20 adjusted basis in the property depleted, deducted on the taxpayer’s federal  
21 income tax return for the taxable year, pursuant to sections 613, 613A, 614,  
22 616 and 617 of the Internal Revenue Code.

23 “(e) For taxable years beginning on or after January 1, 1985, the dollar  
24 amount deducted under section 151 of the Internal Revenue Code for personal  
25 exemptions for the taxable year.

26 “(f) The amount taken as a deduction on the taxpayer’s federal return for  
27 unused qualified business credits under section 196 of the Internal Revenue  
28 Code.

29 “(g) The amount of any increased benefits paid to a taxpayer under  
30 chapter 569, Oregon Laws 1995, under the provisions of chapter 796, Oregon

1 Laws 1991, and under section 26, chapter 815, Oregon Laws 1991, that is not  
2 includable in the taxpayer's federal taxable income under the Internal Rev-  
3 enue Code.

4 “(h) The amount of any long term care insurance premiums paid or in-  
5 curred by the taxpayer during the tax year if:

6 “(A) The amount is taken into account as a deduction on the taxpayer's  
7 federal return for the tax year; and

8 “(B) The taxpayer claims the credit allowed under ORS 315.610 for the tax  
9 year.

10 “(i) Any amount taken as a deduction under section 1341 of the Internal  
11 Revenue Code in computing federal taxable income for the tax year, if the  
12 taxpayer has claimed a credit for claim of right income repayment adjust-  
13 ment under ORS 315.068.

14 “(j) If the taxpayer makes a nonqualified withdrawal, as defined in ORS  
15 348.841, from a college savings network account established under ORS  
16 348.841 to 348.873, the amount of the withdrawal that is attributable to con-  
17 tributions that were subtracted from federal taxable income under ORS  
18 316.699.

19 “(3) Discount and gain or loss on retirement or disposition of obligations  
20 described under subsection (2)(a) of this section issued on or after January  
21 1, 1985, shall be treated for purposes of this chapter in the same manner as  
22 under sections 1271 to 1283 and other pertinent sections of the Internal  
23 Revenue Code as if the obligations, although issued by a foreign state or a  
24 political subdivision of a foreign state, were not tax exempt under the  
25 Internal Revenue Code.

26 “**SECTION 21.** ORS 316.680, as amended by section 74, chapter 1, Oregon  
27 Laws 2015, is amended to read:

28 “316.680. (1) There shall be subtracted from federal taxable income:

29 “(a) The interest or dividends on obligations of the United States and its  
30 territories and possessions or of any authority, commission or

1 instrumentality of the United States to the extent includable in gross income  
2 for federal income tax purposes but exempt from state income taxes under  
3 the laws of the United States. However, the amount subtracted under this  
4 paragraph shall be reduced by any interest on indebtedness incurred to carry  
5 the obligations or securities described in this paragraph, and by any expenses  
6 incurred in the production of interest or dividend income described in this  
7 paragraph to the extent that such expenses, including amortizable bond pre-  
8 miums, are deductible in determining federal taxable income.

9 “(b) The amount of any federal income taxes accrued by the taxpayer  
10 during the taxable year as described in ORS 316.685, less the amount of any  
11 refunds of federal taxes previously accrued for which a tax benefit was re-  
12 ceived.

13 “(c) Amounts allowable under sections 2621(a)(2) and 2622(b) of the  
14 Internal Revenue Code to the extent that the taxpayer does not elect under  
15 section 642(g) of the Internal Revenue Code to reduce federal taxable income  
16 by those amounts.

17 “(d) Any supplemental payments made to JOBS Plus Program participants  
18 under ORS 411.892.

19 “(e)(A) Federal pension income that is attributable to federal employment  
20 occurring before October 1, 1991. Federal pension income that is attributable  
21 to federal employment occurring before October 1, 1991, shall be determined  
22 by multiplying the total amount of federal pension income for the tax year  
23 by the ratio of the number of months of federal creditable service occurring  
24 before October 1, 1991, over the total number of months of federal creditable  
25 service.

26 “(B) The subtraction allowed under this paragraph applies only to federal  
27 pension income received at a time when:

28 “(i) Benefit increases provided under chapter 569, Oregon Laws 1995, are  
29 in effect; or

30 “(ii) Public Employees Retirement System benefits received for service

1 prior to October 1, 1991, are exempt from state income tax.

2 “(C) As used in this paragraph:

3 “(i) ‘Federal creditable service’ means those periods of time for which a  
4 federal employee earned a federal pension.

5 “(ii) ‘Federal pension’ means any form of retirement allowance provided  
6 by the federal government, its agencies or its instrumentalities to retirees  
7 of the federal government or their beneficiaries.

8 “(f) Any amount included in federal taxable income for the tax year that  
9 is attributable to the conversion of a regular individual retirement account  
10 into a Roth individual retirement account described in section 408A of the  
11 Internal Revenue Code, to the extent that:

12 “(A) The amount was subject to the income tax of another state or the  
13 District of Columbia in a prior tax year; and

14 “(B) The taxpayer was a resident of the other state or the District of  
15 Columbia for that prior tax year.

16 “(g) Any amounts awarded to the taxpayer by the Public Safety Memorial  
17 Fund Board under ORS 243.954 to 243.974 to the extent that the taxpayer has  
18 not taken the amount as a deduction in determining the taxpayer’s federal  
19 taxable income for the tax year.

20 “(h) If included in taxable income for federal tax purposes, the amount  
21 withdrawn during the tax year in qualified withdrawals from a college  
22 savings network account established under ORS 348.841 to 348.873.

23 “[*i*] For income tax years commencing on or after January 1, 2015, the  
24 amount of any deductions or credits that the taxpayer would have been allowed  
25 but for the provisions of section 280E of the Internal Revenue Code.]

26 “**(i) Any federal deduction that the taxpayer would have been al-**  
27 **lowed for the production, processing or sale of marijuana items au-**  
28 **thorized under sections 3 to 70, chapter 1, Oregon Laws 2015, but for**  
29 **section 280E of the Internal Revenue Code.**

30 “(2) There shall be added to federal taxable income:

1       “(a) Interest or dividends, exempt from federal income tax, on obligations  
2 or securities of any foreign state or of a political subdivision or authority  
3 of any foreign state. However, the amount added under this paragraph shall  
4 be reduced by any interest on indebtedness incurred to carry the obligations  
5 or securities described in this paragraph and by any expenses incurred in the  
6 production of interest or dividend income described in this paragraph.

7       “(b) Interest or dividends on obligations of any authority, commission,  
8 instrumentality and territorial possession of the United States that by the  
9 laws of the United States are exempt from federal income tax but not from  
10 state income taxes. However, the amount added under this paragraph shall  
11 be reduced by any interest on indebtedness incurred to carry the obligations  
12 or securities described in this paragraph and by any expenses incurred in the  
13 production of interest or dividend income described in this paragraph.

14       “(c) The amount of any federal estate taxes allocable to income in respect  
15 of a decedent not taxable by Oregon.

16       “(d) The amount of any allowance for depletion in excess of the taxpayer’s  
17 adjusted basis in the property depleted, deducted on the taxpayer’s federal  
18 income tax return for the taxable year, pursuant to sections 613, 613A, 614,  
19 616 and 617 of the Internal Revenue Code.

20       “(e) For taxable years beginning on or after January 1, 1985, the dollar  
21 amount deducted under section 151 of the Internal Revenue Code for personal  
22 exemptions for the taxable year.

23       “(f) The amount taken as a deduction on the taxpayer’s federal return for  
24 unused qualified business credits under section 196 of the Internal Revenue  
25 Code.

26       “(g) The amount of any increased benefits paid to a taxpayer under  
27 chapter 569, Oregon Laws 1995, under the provisions of chapter 796, Oregon  
28 Laws 1991, and under section 26, chapter 815, Oregon Laws 1991, that is not  
29 includable in the taxpayer’s federal taxable income under the Internal Rev-  
30 enue Code.

1 “(h) The amount of any long term care insurance premiums paid or in-  
2 curred by the taxpayer during the tax year if:

3 “(A) The amount is taken into account as a deduction on the taxpayer’s  
4 federal return for the tax year; and

5 “(B) The taxpayer claims the credit allowed under ORS 315.610 for the tax  
6 year.

7 “(i) Any amount taken as a deduction under section 1341 of the Internal  
8 Revenue Code in computing federal taxable income for the tax year, if the  
9 taxpayer has claimed a credit for claim of right income repayment adjust-  
10 ment under ORS 315.068.

11 “(j) If the taxpayer makes a nonqualified withdrawal, as defined in ORS  
12 348.841, from a college savings network account established under ORS  
13 348.841 to 348.873, the amount of the withdrawal that is attributable to con-  
14 tributions that were subtracted from federal taxable income under ORS  
15 316.699.

16 “(3) Discount and gain or loss on retirement or disposition of obligations  
17 described under subsection (2)(a) of this section issued on or after January  
18 1, 1985, shall be treated for purposes of this chapter in the same manner as  
19 under sections 1271 to 1283 and other pertinent sections of the Internal  
20 Revenue Code as if the obligations, although issued by a foreign state or a  
21 political subdivision of a foreign state, were not tax exempt under the  
22 Internal Revenue Code.

23

24

## “EARLY START

25

26 “**SECTION 21a.** (1) For purposes of this section:

27 “(a) ‘Limited marijuana retail product’ has the meaning given that  
28 term in section 2, chapter \_\_\_\_\_, Oregon Laws 2015 (Enrolled Senate  
29 Bill 460).

30 “(b) ‘Medical marijuana dispensary’ means an entity registered with

1 the Oregon Health Authority under ORS 475.314.

2 “(2) On and after January 4, 2016, if a medical marijuana dispensary  
3 elects to make sales as described in section 2, chapter\_\_\_\_\_, Oregon  
4 Laws 2015 (Enrolled Senate Bill 460), the medical marijuana dispensary  
5 must collect the tax imposed under section 2 of this 2015 Act in the  
6 same manner that a marijuana retailer that holds a license under  
7 section 22, chapter 1, Oregon Laws 2015, collects the tax imposed under  
8 section 2 of this 2015 Act, except that the tax imposed under this sec-  
9 tion shall be imposed at the rate of 25 percent of the retail sales price  
10 of the limited marijuana retail product.

11 “(3) A medical marijuana dispensary that collects taxes as required  
12 by this section is subject to the provisions of sections 1 to 13 of this  
13 2015 Act, except that the tax imposed under this section shall be im-  
14 posed at the rate described in subsection (2) of this section.

15  
16 **“MISCELLANEOUS**

17  
18 **“SECTION 22.** Sections 1 to 13 of this 2015 Act and the amendments  
19 to ORS 305.140, 305.895 and 305.992 and section 44, chapter 1, Oregon  
20 Laws 2015, by sections 14 to 17 of this 2015 Act apply to retail sales of  
21 marijuana items occurring on or after January 1, 2016.

22 **“SECTION 23.** (1) Section 19 of this 2015 Act and the amendments  
23 to ORS 316.680 by sections 20 and 21 of this 2015 Act apply to conduct  
24 occurring on or after January 1, 2016, and to tax years beginning on  
25 or after January 1, 2016.

26 **“(2)** The repeal of section 71, chapter 1, Oregon Laws 2015, by sec-  
27 tion 24 of this 2015 Act applies to all tax years.

28 **“SECTION 24.** (1) Sections 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42,  
29 43 and 71, chapter 1, Oregon Laws 2015, are repealed.

30 **“(2)** If Senate Bill 460 becomes law, section 21a of this 2015 Act, is

1 **repealed on December 31, 2016.**

2 **“SECTION 25.** Section 69, chapter 1, Oregon Laws 2015, is amended to  
3 read:

4 **“Sec. 69.** (1) Except where other punishment is specifically provided for  
5 in sections 3 to 70, **chapter 1, Oregon Laws 2015** [*of this Act*], violation of  
6 any provision of sections 3 to 70, **chapter 1, Oregon Laws 2015**, [*of this*  
7 *Act*] is a Class A misdemeanor.

8 *“[(2) A violation of subsection (1) of section 40 of this Act is a Class B*  
9 *misdemeanor.]*

10 *“[(3)] (2)* Subject to ORS 153.022, violation of any regulation promulgated  
11 under paragraph (e) of subsection (2) of section 7 of this Act is a Class C  
12 violation.

13

14

#### **“CAPTIONS**

15

16 **“SECTION 26.** The unit captions used in this 2015 Act are provided  
17 **only for the convenience of the reader and do not become part of the**  
18 **statutory law of this state or express any legislative intent in the**  
19 **enactment of this 2015 Act.**

20

21

#### **“EFFECTIVE DATE**

22

23 **“SECTION 27.** This 2015 Act takes effect on the 91st day after the  
24 **date on which the 2015 regular session of the Seventy-eight Legislative**  
25 **Assembly adjourns sine die.”**

26