

A-Engrossed House Bill 4025

Ordered by the House February 8
Including House Amendments dated February 8

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Revenue)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Updates connection date to federal Internal Revenue Code and other provisions of federal tax law. **Conforms filing dates for certain Oregon Tax returns to corresponding federal return filing dates.**

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to connection to federal tax law; creating new provisions; amending ORS 178.300, 238A.005,
3 238A.125, 238A.150, 238A.170, 238A.230, 238A.370, 238A.400, 238A.410, 238A.415, 238A.430,
4 305.230, 305.494, 305.690, 305.842, 311.666, 314.011, 314.385, 314.724, 315.004, 316.012, 316.147,
5 316.157, 317.010, 317.097, 458.670 and 657.010; and prescribing an effective date.

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

7 **SECTION 1.** ORS 178.300 is amended to read:

8 178.300. As used in ORS 178.300 to 178.355:

9 (1) "Account" means an individual account established in accordance with ORS 178.300 to
10 178.355.

11 (2) "Account owner" means the person who has the right to withdraw funds from the account.
12 The account owner may also be the designated beneficiary of the account.

13 (3) "Board" means the Oregon 529 Savings Board established under ORS 178.310.

14 (4) "Designated beneficiary" means, except as provided in ORS 178.350, the individual designated
15 at the time the account is opened as having the right to receive a qualified withdrawal for the
16 payment of qualified higher education expenses, or if the designated beneficiary is replaced in ac-
17 cordance with ORS 178.350, the replacement.

18 (5) "Financial institution" means a bank, a commercial bank, a national bank, a savings bank,
19 a savings and loan, a thrift institution, a credit union, an insurance company, a trust company, a
20 mutual fund, an investment firm or other similar entity authorized to do business in this state.

21 (6) "Higher education institution" means an eligible education institution as defined in section
22 529(e)(5) of the Internal Revenue Code.

23 (7) "Internal Revenue Code" means the federal Internal Revenue Code as amended and in effect
24 on December 31, [2014] **2015**.

25 (8) "Member of the family" shall have the same meaning as contained in section 529(e) of the
26 Internal Revenue Code.

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 (9) "Network" means the Oregon 529 Savings Network established under ORS 178.305.

2 (10) "Nonqualified withdrawal" means a withdrawal from an account that is not a qualified
3 withdrawal.

4 (11) "Qualified higher education expenses" means tuition and other permitted expenses as set
5 forth in section 529(e) of the Internal Revenue Code for the enrollment or attendance of a designated
6 beneficiary at a higher education institution.

7 (12) "Qualified withdrawal" means a withdrawal made as prescribed under ORS 178.355 and
8 made:

9 (a) From an account to pay the qualified higher education expenses of the designated benefi-
10 cary;

11 (b) As the result of the death or disability of the designated beneficiary;

12 (c) As the result of a scholarship, allowance or payment described in section 135(d)(1)(A), (B)
13 or (C) of the Internal Revenue Code that is received by the designated beneficiary, but only to the
14 extent of the amount of the scholarship, allowance or payment; or

15 (d) As a rollover or change in the designated beneficiary described in ORS 178.350.

16 **SECTION 2.** ORS 238A.005 is amended to read:

17 238A.005. For the purposes of this chapter:

18 (1) "Active member" means a member of the pension program or the individual account program
19 of the Oregon Public Service Retirement Plan who is actively employed in a qualifying position.

20 (2) "Actuarial equivalent" means a payment or series of payments having the same value as the
21 payment or series of payments replaced, computed on the basis of interest rate and mortality as-
22 sumptions adopted by the board.

23 (3) "Board" means the Public Employees Retirement Board.

24 (4) "Eligible employee" means a person who performs services for a participating public em-
25 ployer, including elected officials other than judges. "Eligible employee" does not include:

26 (a) Persons engaged as independent contractors;

27 (b) Aliens working under a training or educational visa;

28 (c) Persons provided sheltered employment or make-work by a public employer;

29 (d) Persons categorized by a participating public employer as student employees;

30 (e) Any person who is an inmate of a state institution;

31 (f) Employees of foreign trade offices of the Oregon Business Development Department who live
32 and perform services in foreign countries under the provisions of ORS 285A.075 (1)(g);

33 (g) An employee actively participating in an alternative retirement program established under
34 ORS 353.250 or an optional retirement plan established under ORS 341.551;

35 (h) Employees of a public university listed in ORS 352.002 who are actively participating in an
36 optional retirement plan offered under ORS 243.800;

37 (i) Any employee who belongs to a class of employees that was not eligible on August 28, 2003,
38 for membership in the system under the provisions of ORS chapter 238 or other law;

39 (j) Any person who belongs to a class of employees who are not eligible to become members of
40 the Oregon Public Service Retirement Plan under the provisions of ORS 238A.070 (2);

41 (k) Any person who is retired under ORS 238A.100 to 238A.250 or ORS chapter 238 and who
42 continues to receive retirement benefits while employed; and

43 (L) Judges.

44 (5) "Firefighter" means:

45 (a) A person employed by a local government, as defined in ORS 174.116, whose primary job

1 duties include the fighting of fires;

2 (b) The State Fire Marshal, the chief deputy state fire marshal and deputy state fire marshals;
3 and

4 (c) An employee of the State Forestry Department who is certified by the State Forester as a
5 professional wildland firefighter and whose primary duties include the abatement of uncontrolled
6 fires as described in ORS 477.064.

7 (6) "Fund" means the Public Employees Retirement Fund.

8 (7)(a) "Hour of service" means:

9 (A) An hour for which an eligible employee is directly or indirectly paid or entitled to payment
10 by a participating public employer for performance of duties in a qualifying position; and

11 (B) An hour of vacation, holiday, illness, incapacity, jury duty, military duty or authorized leave
12 during which an employee does not perform duties but for which the employee is directly or indi-
13 rectly paid or entitled to payment by a participating public employer for services in a qualifying
14 position, as long as the hour is within the number of hours regularly scheduled for the performance
15 of duties during the period of vacation, holiday, illness, incapacity, jury duty, military duty or au-
16 thorized leave.

17 (b) "Hour of service" does not include any hour for which payment is made or due under a plan
18 maintained solely for the purpose of complying with applicable workers' compensation laws or un-
19 employment compensation laws.

20 (8) "Inactive member" means a member of the pension program or the individual account pro-
21 gram of the Oregon Public Service Retirement Plan whose membership has not been terminated, who
22 is not a retired member and who is not employed in a qualifying position.

23 (9) "Individual account program" means the defined contribution individual account program of
24 the Oregon Public Service Retirement Plan established under ORS 238A.025.

25 (10) "Institution of higher education" means a public university listed in ORS 352.002, the
26 Oregon Health and Science University or a community college, as defined in ORS 341.005.

27 (11) "Member" means an eligible employee who has established membership in the pension pro-
28 gram or the individual account program of the Oregon Public Service Retirement Plan and whose
29 membership has not been terminated under ORS 238A.110 or 238A.310.

30 (12) "Participating public employer" means a public employer as defined in ORS 238.005 that
31 provides retirement benefits for employees of the public employer under the system.

32 (13) "Pension program" means the defined benefit pension program of the Oregon Public Service
33 Retirement Plan established under ORS 238A.025.

34 (14) "Police officer" means a police officer as described in ORS 238.005.

35 (15) "Qualifying position" means one or more jobs with one or more participating public em-
36 ployers in which an eligible employee performs 600 or more hours of service in a calendar year,
37 excluding any service in a job for which benefits are not provided under the Oregon Public Service
38 Retirement Plan pursuant to ORS 238A.070 (2).

39 (16) "Retired member" means a pension program member who is receiving a pension as provided
40 in ORS 238A.180 to 238A.195.

41 (17)(a) "Salary" means the remuneration paid to an active member in return for services to the
42 participating public employer, including remuneration in the form of living quarters, board or other
43 items of value, to the extent the remuneration is includable in the employee's taxable income under
44 Oregon law. "Salary" includes the additional amounts specified in paragraph (b) of this subsection,
45 but does not include the amounts specified in paragraph (c) of this subsection, regardless of whether

1 those amounts are includable in taxable income.

2 (b) "Salary" includes the following amounts:

3 (A) Payments of employee and employer money into a deferred compensation plan that are made
4 at the election of the employee.

5 (B) Contributions to a tax-sheltered or deferred annuity that are made at the election of the
6 employee.

7 (C) Any amount that is contributed to a cafeteria plan or qualified transportation fringe benefit
8 plan by the employer at the election of the employee and that is not includable in the taxable in-
9 come of the employee by reason of 26 U.S.C. 125 or 132(f)(4), as in effect on December 31, [2014]
10 **2015**.

11 (D) Any amount that is contributed to a cash or deferred arrangement by the employer at the
12 election of the employee and that is not included in the taxable income of the employee by reason
13 of 26 U.S.C. 402(e)(3), as in effect on December 31, [2014] **2015**.

14 (E) Retroactive payments described in ORS 238.008.

15 (F) The amount of an employee contribution to the individual account program that is paid by
16 the employer and deducted from the compensation of the employee, as provided under ORS 238A.335
17 (1) and (2)(a).

18 (G) The amount of an employee contribution to the individual account program that is not paid
19 by the employer under ORS 238A.335.

20 (H) Wages of a deceased member paid to a surviving spouse or dependent children under ORS
21 652.190.

22 (c) "Salary" does not include the following amounts:

23 (A) Travel or any other expenses incidental to employer's business which is reimbursed by the
24 employer.

25 (B) Payments made on account of an employee's death.

26 (C) Any lump sum payment for accumulated unused sick leave, vacation leave or other paid
27 leave.

28 (D) Any severance payment, accelerated payment of an employment contract for a future period
29 or advance against future wages.

30 (E) Any retirement incentive, retirement bonus or retirement gratuitous payment.

31 (F) Payment for a leave of absence after the date the employer and employee have agreed that
32 no future services in a qualifying position will be performed.

33 (G) Payments for instructional services rendered to public universities listed in ORS 352.002 or
34 the Oregon Health and Science University when those services are in excess of full-time employment
35 subject to this chapter. A person employed under a contract for less than 12 months is subject to
36 this subparagraph only for the months covered by the contract.

37 (H) The amount of an employee contribution to the individual account program that is paid by
38 the employer and is not deducted from the compensation of the employee, as provided under ORS
39 238A.335 (1) and (2)(b).

40 (I) Any amount in excess of \$200,000 for a calendar year. If any period over which salary is
41 determined is less than 12 months, the \$200,000 limitation for that period shall be multiplied by a
42 fraction, the numerator of which is the number of months in the determination period and the de-
43 nominator of which is 12. The board shall adopt rules adjusting this dollar limit to incorporate
44 cost-of-living adjustments authorized by the Internal Revenue Service.

45 (18) "System" means the Public Employees Retirement System.

1 **SECTION 3.** ORS 238A.125 is amended to read:

2 238A.125. (1) Upon retiring at normal retirement age, a vested pension program member shall
3 be paid an annual pension for the life of the member as follows:

4 (a) For service as a police officer or firefighter, 1.8 percent of final average salary multiplied
5 by the number of years of retirement credit attributable to service as a police officer or firefighter.

6 (b) For service as other than a police officer or firefighter, 1.5 percent of final average salary
7 multiplied by the number of years of retirement credit attributable to service as other than a police
8 officer or firefighter.

9 (2) Notwithstanding any provision of ORS 238A.100 to 238A.250, the annual benefit payable to
10 a member under the pension program and under any other tax-qualified defined benefit plan main-
11 tained by the participating public employer may not exceed the applicable limitations set forth in
12 26 U.S.C. 415(b), as in effect on December 31, [2014] **2015**. The Public Employees Retirement Board
13 shall adopt rules for the administration of this limitation, including adjustments in the annual dollar
14 limitation to reflect cost-of-living adjustments authorized by the Internal Revenue Service.

15 (3) The board shall make no actuarial adjustment in a member's pension calculated under this
16 section by reason of the member's retirement after normal retirement age.

17 **SECTION 4.** ORS 238A.150 is amended to read:

18 238A.150. (1) Notwithstanding any other provision of ORS 238A.100 to 238A.250, an eligible em-
19 ployee who leaves a qualifying position for the purpose of performing service in the uniformed ser-
20 vices, and who subsequently returns to employment with a participating public employer with
21 reemployment rights under federal law, is entitled to accrue retirement credit, credit toward the
22 probationary period required by ORS 238A.100 and credit toward the vesting requirements of ORS
23 238A.115 under rules adopted by the Public Employees Retirement Board pursuant to subsection (2)
24 of this section.

25 (2) The board shall adopt rules establishing benefits and service credit for any period of service
26 in the uniformed services by an employee described in subsection (1) of this section. For the purpose
27 of adopting rules under this subsection, the board shall consider and take into account all federal
28 law relating to benefits and service credit for any period of service in the uniformed services, in-
29 cluding 26 U.S.C. 414(u), as in effect on December 31, [2014] **2015**. Benefits and service credit under
30 rules adopted by the board pursuant to this subsection may not exceed benefits and service credit
31 required under federal law for periods of service in the uniformed services.

32 **SECTION 5.** ORS 238A.170 is amended to read:

33 238A.170. (1) An active member of the pension program who is 70-1/2 years of age or older must
34 retire not later than April 1 of the calendar year following the calendar year in which the member
35 terminates employment with all participating public employers. An inactive member of the pension
36 program must retire not later than April 1 of the calendar year following the calendar year in which
37 the member attains 70-1/2 years of age.

38 (2) Notwithstanding any other provision of ORS 238A.100 to 238A.250, the entire interest of a
39 member of the pension program must be distributed over a time period commencing no later than
40 the required beginning date set forth in subsection (1) of this section, and must be distributed in a
41 manner that satisfies all other minimum distribution requirements of 26 U.S.C. 401(a)(9) and regu-
42 lations implementing that section, as in effect on December 31, [2014] **2015**. The Public Employees
43 Retirement Board shall adopt rules implementing those minimum distribution requirements.

44 **SECTION 6.** ORS 238A.230 is amended to read:

45 238A.230. (1) If a member of the pension program who is vested dies before the member's effec-

1 tive date of retirement, the Public Employees Retirement Board shall pay the death benefit provided
2 for in this section to:

3 (a) The spouse of the member to the extent not provided to a former spouse in accordance with
4 a judgment or order under ORS 238.465;

5 (b) The former spouse of the member as provided in a judgment or order under ORS 238.465; or

6 (c) Any other person who is constitutionally required to be treated in the same manner as a
7 spouse for the purpose of retirement benefits.

8 (2)(a) The death benefit to be paid under this section shall be for the life of the spouse, former
9 spouse or other person who is constitutionally required to be treated in the same manner as a
10 spouse, and shall be the actuarial equivalent of 50 percent of the pension that would otherwise have
11 been paid to the deceased member.

12 (b) For the purpose of paragraph (a) of this subsection, the amount of the pension that would
13 otherwise have been paid to the deceased member shall be calculated:

14 (A) As of the date of death if the member dies after the earliest retirement date for the member
15 under ORS 238A.165; or

16 (B) As if the member became an inactive member on the date of death and thereafter retired
17 at the earliest retirement date if the member dies before the earliest retirement date for the member
18 under ORS 238A.165.

19 (3) The death benefit provided under this section is first effective on the first day of the month
20 following the date of death of the member. The surviving spouse, former spouse or other person
21 entitled to the death benefit may elect to delay payment of the death benefit, but payment must
22 commence no later than December 31 of the calendar year in which the member would have reached
23 70-1/2 years of age.

24 (4) Notwithstanding any other provision of ORS 238A.100 to 238A.250, distributions of death
25 benefits under the pension program must comply with the minimum distribution requirements of 26
26 U.S.C. 401(a)(9) and the regulations implementing that section, as in effect on December 31, [2014]
27 **2015**. The board shall adopt rules implementing those minimum distribution requirements.

28 **SECTION 7.** ORS 238A.370 is amended to read:

29 238A.370. Notwithstanding any other provision of ORS 238A.300 to 238A.415, the annual addition
30 to the employee and employer accounts of a member of the individual account program for a cal-
31 endar year, together with the annual additions to the accounts of the member under any other de-
32 fined contribution plan maintained by the participating public employer for a calendar year, may
33 not exceed the lesser of \$40,000, or 100 percent of the member's compensation for that calendar year.
34 For purposes of this section, "annual addition" has the meaning given that term in 26 U.S.C.
35 415(c)(2), as in effect on December 31, [2014] **2015**, and "compensation" has the meaning given the
36 term "participant's compensation" in 26 U.S.C. 415(c)(3), as in effect on December 31, [2014] **2015**.
37 The Public Employees Retirement Board shall adopt rules for the administration of this limitation,
38 including adjustments in the annual dollar limitation to reflect cost-of-living adjustments authorized
39 by the Internal Revenue Service.

40 **SECTION 8.** ORS 238A.400 is amended to read:

41 238A.400. (1) Upon retirement on or after the earliest retirement date, as described in ORS
42 238A.165, a member of the individual account program shall receive in a lump sum the amounts in
43 the member's employee account, rollover account and employer account to the extent the member
44 is vested in those accounts under ORS 238A.320.

45 (2) In lieu of a lump sum payment under subsection (1) of this section, a member of the individ-

1 ual account program may elect to receive the amounts in the member's employee account and em-
 2 ployer account, to the extent the member is vested in those accounts under ORS 238A.320, in
 3 substantially equal installments paid over a period of 5, 10, 15 or 20 years, or over a period that is
 4 equal to the anticipated life span of the member as actuarially determined by the Public Employees
 5 Retirement Board. Installments may be made on a monthly, quarterly or annual basis. In no event
 6 may the period selected by the member exceed the time allowed by the minimum distribution re-
 7 quirements described in subsection (5) of this section. The board shall by rule establish the manner
 8 in which installments will be adjusted to reflect investment gains and losses on the unpaid balance
 9 during the payout period elected by the member under this subsection. The board by rule may es-
 10 tablish minimum monthly amounts payable under this subsection. The board may require that a
 11 lump sum payment, or an installment schedule different than the schedules provided for in this
 12 subsection, be used to pay the vested amounts in the member's accounts if those amounts are not
 13 adequate to generate the minimum monthly amounts specified by the rule.

14 (3) A member of the individual account program electing to receive installments under sub-
 15 section (2) of this section must designate a beneficiary or beneficiaries. In the event the member dies
 16 before all amounts in the employee and vested employer accounts are paid, all remaining installment
 17 payments shall be made to the beneficiary or beneficiaries designated by the member. A beneficiary
 18 may elect to receive a lump sum distribution of the remaining amounts.

19 (4) A member who is entitled to receive retirement benefits under ORS chapter 238 may receive
 20 vested amounts in the member's employee account, rollover account and employer account in the
 21 manner provided by this section when the member retires for service under the provisions of ORS
 22 chapter 238.

23 (5) Notwithstanding any other provision of ORS 238A.300 to 238A.415, the entire interest of a
 24 member of the individual account program must be distributed over a time period commencing no
 25 later than the latest retirement date set forth in ORS 238A.170, and must be distributed in a manner
 26 that satisfies all other minimum distribution requirements of 26 U.S.C. 401(a)(9) and regulations im-
 27 plementing that section, as in effect on December 31, [2014] 2015. The board shall adopt rules im-
 28 plementing those minimum distribution requirements.

29 **SECTION 9.** ORS 238A.410 is amended to read:

30 238A.410. (1) If a member of the individual account program dies before retirement, the amounts
 31 in the member's employee account, rollover account and employer account, to the extent the member
 32 is vested in those accounts under ORS 238A.320, shall be paid in a lump sum to the beneficiary or
 33 beneficiaries designated by the member for the purposes of this section.

34 (2) If a member of the individual account program is married at the time of death, or there exists
 35 at the time of death any other person who is constitutionally required to be treated in the same
 36 manner as a spouse for the purpose of retirement benefits, the spouse or other person shall be the
 37 beneficiary for purposes of the death benefit payable under this section unless the spouse or other
 38 person consents to the designation of a different beneficiary or beneficiaries before the designation
 39 has been made and the consent has not been revoked by the spouse or other person as of the time
 40 of the member's death. Consent and revocation of consent must be in writing, acknowledged by a
 41 notary public, and submitted to the Public Employees Retirement Board in accordance with rules
 42 adopted by the board. If the member's spouse is designated as the member's beneficiary and the
 43 marriage of the member and spouse is subsequently dissolved, the former spouse shall be treated as
 44 predeceasing the member for purposes of this section, unless the member expressly designates the
 45 former spouse as beneficiary after the effective date of the dissolution or the former spouse is re-

1 required to be designated as a beneficiary under the provisions of ORS 238.465.

2 (3) For purposes of this section and ORS 238A.400 (3), if a member fails to designate a benefi-
3 ciary, or if the person or persons designated do not survive the member, the death benefit provided
4 for in this section shall be paid to the following person or persons, in the following order of priority:

5 (a) The member's surviving spouse or other person who is constitutionally required to be treated
6 in the same manner as a spouse;

7 (b) The member's surviving children, in equal shares; or

8 (c) The member's estate.

9 (4) The entire amount of a deceased member's vested accounts must be distributed by December
10 31 of the fifth calendar year after the year in which the member died. Notwithstanding any other
11 provision of this chapter, distributions of death benefits under the individual account program must
12 comply with the minimum distribution requirements of 26 U.S.C. 401(a)(9) and the regulations im-
13 plementing that section, as in effect on December 31, [2014] **2015**. The Public Employees Retirement
14 Board shall adopt rules implementing those minimum distribution requirements.

15 **SECTION 10.** ORS 238A.415 is amended to read:

16 238A.415. (1) Notwithstanding any other provision of ORS 238A.300 to 238A.415, an eligible em-
17 ployee who leaves a qualifying position for the purpose of performing service in the uniformed ser-
18 vices, and who subsequently returns to employment with a participating public employer with
19 reemployment rights under federal law, is entitled to credit toward the probationary period required
20 by ORS 238A.300, credit toward the vesting requirements of ORS 238A.320 and contributions under
21 rules adopted by the Public Employees Retirement Board pursuant to subsection (2) of this section.

22 (2) The board shall adopt rules establishing contributions and service credit for any period of
23 service in the uniformed services by an employee described in subsection (1) of this section. For the
24 purpose of adopting rules under this subsection, the board shall consider and take into account all
25 federal law relating to benefits and service credit for any period of service in the uniformed ser-
26 vices, including 26 U.S.C. 414(u), as in effect on December 31, [2014] **2015**. Contributions and service
27 credit under rules adopted by the board pursuant to this subsection may not exceed contributions
28 and service credit required under federal law for periods of service in the uniformed services.

29 **SECTION 11.** ORS 238A.430 is amended to read:

30 238A.430. (1) To the extent required by law, and except as otherwise provided by rules adopted
31 by the Public Employees Retirement Board under subsection (4) of this section, any portion of a
32 distribution of benefits described in subsection (2) of this section shall, at the election of and in lieu
33 of distribution to the distributee, be paid directly to an eligible retirement plan specified by the
34 distributee.

35 (2) The provisions of subsection (1) of this section apply to a distribution of any benefit under
36 the pension program or the individual account program except:

37 (a) A distribution that is one of a series of substantially equal periodic payments made at least
38 annually for the life or life expectancy of the distributee, or for the joint lives or life expectancies
39 of the distributee and a designated beneficiary;

40 (b) A distribution that is one of a series of substantially equal periodic payments made at least
41 annually for a specified period of 10 years or more; and

42 (c) A distribution to the extent that the distribution is required under 26 U.S.C. 401(a)(9).

43 (3) The provisions of subsection (1) of this section apply to any portion of a distribution of
44 benefits under the pension program or the individual account program even though the portion
45 consists of after-tax employee contributions that are not includable in gross income. Any portion of

1 a distribution that consists of after-tax employee contributions that are not includable in gross in-
2 come may be transferred only to an individual retirement account or annuity described in 26 U.S.C.
3 408(a) or (b), or to a qualified defined contribution or defined benefit plan described in 26 U.S.C.
4 401(a) or 403(b) that agrees to account separately for amounts transferred, including accounting
5 separately for the portion of the distribution that is includable in gross income and the portion of
6 the distribution that is not includable in gross income. The amount transferred shall be treated as
7 consisting first of the portion of the distribution that is includable in gross income, determined
8 without regard to 26 U.S.C. 402(c)(1).

9 (4) The board shall adopt rules implementing the direct rollover requirements of 26 U.S.C.
10 401(a)(31) and the regulations implementing that section, and may adopt administrative exceptions
11 to the direct rollover requirements to the extent permitted by 26 U.S.C. 401(a)(31) and the regu-
12 lations implementing that section.

13 (5) All references in this section to federal laws and regulations are to the laws and regulations
14 in effect on December 31, [2014] **2015**.

15 (6) For purposes of this section:

16 (a) "Distributee" means a member, a member's surviving spouse or a member's alternate payee
17 under ORS 238.465.

18 (b) "Eligible retirement plan" means:

19 (A) An individual retirement account described in 26 U.S.C. 408(a);

20 (B) An individual retirement annuity described in 26 U.S.C. 408(b), other than an endowment
21 contract;

22 (C) A qualified trust under 26 U.S.C. 401(a), that is a defined contribution or defined benefit plan
23 and permits the acceptance of rollover contributions;

24 (D) An annuity plan described in 26 U.S.C. 403(a);

25 (E) An eligible deferred compensation plan described in 26 U.S.C. 457(b) that is maintained by
26 an eligible governmental employer described in 26 U.S.C. 457(e)(1)(A) and that agrees to account
27 separately for amounts transferred into such plan from the distributing plan; or

28 (F) An annuity contract described in 26 U.S.C. 403(b).

29 **SECTION 12.** ORS 305.230 is amended to read:

30 305.230. (1) Notwithstanding ORS 9.320:

31 (a) Any person who is qualified to practice law or public accountancy in this state, any person
32 who has been granted active enrollment to practice before the Internal Revenue Service and who
33 is qualified to prepare tax returns in this state or any person who is the authorized employee of a
34 taxpayer and is regularly employed by the taxpayer in tax matters may represent the taxpayer be-
35 fore a tax court magistrate or the Department of Revenue in any conference or proceeding with
36 respect to the administration of any tax.

37 (b) Any person who is licensed by the State Board of Tax Practitioners or who is exempt from
38 such licensing requirement as provided for and limited by ORS 673.610 may represent a taxpayer
39 before a tax court magistrate or the department in any conference or proceeding with respect to the
40 administration of any tax on or measured by net income.

41 (c) Any shareholder of an S corporation, as defined in section 1361 of the Internal Revenue
42 Code, as amended and in effect on December 31, [2014] **2015**, may represent the corporation in any
43 proceeding before a tax court magistrate or the department in the same manner as if the share-
44 holder were a partner and the S corporation were a partnership. The S corporation must designate
45 in writing a tax matters shareholder authorized to represent the S corporation.

1 (d) An individual who is licensed as a real estate broker or principal real estate broker under
2 ORS 696.022 or is a state certified appraiser or state licensed appraiser under ORS 674.310 or is a
3 registered appraiser under ORS 308.010 may represent a taxpayer before a tax court magistrate or
4 the department in any conference or proceeding with respect to the administration of any ad
5 valorem property tax.

6 (e) A general partner who has been designated by members of a partnership as their tax matters
7 partner under ORS 305.242 may represent those partners in any conference or proceeding with re-
8 spect to the administration of any tax on or measured by net income.

9 (f) Any person authorized under rules adopted by the department may represent a taxpayer be-
10 fore the department in any conference or proceeding with respect to any tax. Rules adopted under
11 this paragraph, to the extent feasible, shall be consistent with federal law that governs represen-
12 tation before the Internal Revenue Service, as federal law is amended and in effect on December 31,
13 [2014] **2015**.

14 (g) Any person authorized under rules adopted by the tax court may represent a taxpayer in a
15 proceeding before a tax court magistrate.

16 (2) A person may not be recognized as representing a taxpayer pursuant to this section unless
17 there is first filed with the magistrate or department a written authorization, or unless it appears
18 to the satisfaction of the magistrate or department that the representative does in fact have au-
19 thority to represent the taxpayer. A person recognized as an authorized representative under rules
20 or procedures adopted by the tax court shall be considered an authorized representative by the de-
21 partment.

22 (3) A taxpayer represented by someone other than an attorney is bound by all things done by
23 the authorized representative, and may not thereafter claim any proceeding was legally defective
24 because the taxpayer was not represented by an attorney.

25 (4) Prior to the holding of a conference or proceeding before the tax court magistrate or de-
26 partment, written notice shall be given by the magistrate or department to the taxpayer of the
27 provisions of subsection (3) of this section.

28 **SECTION 13.** ORS 305.494 is amended to read:

29 305.494. Notwithstanding ORS 9.320, any shareholder of an S corporation as defined in section
30 1361 of the Internal Revenue Code, as amended and in effect on December 31, [2014] **2015**, may
31 represent the corporation in any proceeding before the Oregon Tax Court in the same manner as
32 if the shareholder were a partner and the S corporation were a partnership.

33 **SECTION 14.** ORS 305.690 is amended to read:

34 305.690. As used in ORS 305.690 to 305.753, unless the context otherwise requires:

35 (1) "Biennial years" means the two income tax years of individual taxpayers that begin in the
36 two calendar years immediately following the calendar year in which a list is certified under ORS
37 305.715.

38 (2) "Commission" means the Oregon Charitable Checkoff Commission.

39 (3) "Department" means the Department of Revenue.

40 (4) "Eligibility roster" means a list, prepared under ORS 305.715 and maintained by the com-
41 mission in chronological order based on the date of form listing or date of eligibility determination,
42 whichever is later, of charitable and governmental entities seeking inclusion on the Oregon indi-
43 vidual income tax return forms.

44 (5) "Form listed" or "form listing" means being listed on the Oregon individual income tax re-
45 turn form.

1 (6) "Instruction listing" means being listed on the Department of Revenue instructions for tax
2 return checkoff contribution.

3 (7) "Internal Revenue Code" means the federal Internal Revenue Code as amended and in effect
4 on December 31, [2014] 2015.

5 **SECTION 15.** ORS 305.842 is amended to read:

6 305.842. As used in ORS 307.130, 307.147, 308A.450, 310.140 and 310.800, "Internal Revenue
7 Code" means the federal Internal Revenue Code as amended and in effect on December 31, [2014]
8 2015.

9 **SECTION 16.** ORS 311.666 is amended to read:

10 311.666. As used in ORS 311.666 to 311.701:

11 (1) "County median RMV" means the median real market value entered on the last certified
12 assessment and tax roll for all residential improved properties in the county in which a homestead
13 is located that are classified as 1-0-1 pursuant to the rule adopted by the Department of Revenue
14 under ORS 308.215.

15 (2) "Homestead" means the owner occupied principal dwelling, either real or personal property,
16 owned by the taxpayer and the tax lot upon which it is located. If the homestead is located in a
17 multiunit building, the homestead is the portion of the building actually used as the principal
18 dwelling and its percentage of the value of the common elements and of the value of the tax lot upon
19 which it is built. The percentage is the value of the unit consisting of the homestead compared to
20 the total value of the building exclusive of the common elements, if any.

21 (3) "Household income" means the aggregate income of the taxpayer and the spouse of the tax-
22 payer who occupy the homestead, that was received during the calendar year for which the claim
23 is filed. "Household income" includes payments received by the taxpayer or the spouse of the tax-
24 payer under the federal Social Security Act for the benefit of a minor child or minor children who
25 occupy the homestead.

26 (4) "Income" means "adjusted gross income" as defined in the federal Internal Revenue Code,
27 as amended and in effect on December 31, [2014] 2015, even when the amendments take effect or
28 become operative after that date, relating to the measurement of taxable income of individuals, es-
29 tates and trusts, with the following modifications:

30 (a) There shall be added to adjusted gross income the following items of otherwise exempt in-
31 come:

32 (A) The gross amount of any otherwise exempt pension less return of investment, if any.

33 (B) Child support received by the taxpayer.

34 (C) Inheritances.

35 (D) Gifts and grants, the sum of which are in excess of \$500 per year.

36 (E) Amounts received by a taxpayer or spouse of a taxpayer for support from a parent who is
37 not a member of the taxpayer's household.

38 (F) Life insurance proceeds.

39 (G) Accident and health insurance proceeds, except reimbursement of incurred medical expenses.

40 (H) Personal injury damages.

41 (I) Sick pay that is not included in federal adjusted gross income.

42 (J) Strike benefits excluded from federal gross income.

43 (K) Worker's compensation, except for reimbursement of medical expense.

44 (L) Military pay and benefits.

45 (M) Veteran's benefits.

1 (N) Payments received under the federal Social Security Act that are excluded from federal
2 gross income.

3 (O) Welfare payments, except as follows:

4 (i) Payments for medical care, drugs and medical supplies, if the payments are not made directly
5 to the welfare recipient;

6 (ii) In-home services authorized and approved by the Department of Human Services; and

7 (iii) Direct or indirect reimbursement of expenses paid or incurred for participation in work or
8 training programs.

9 (P) Nontaxable dividends.

10 (Q) Nontaxable interest not included in federal adjusted gross income.

11 (R) Rental allowance paid to a minister that is excluded from federal gross income.

12 (S) Income from sources without the United States that is excluded from federal gross income.

13 (b) Adjusted gross income shall be increased due to the disallowance of the following deductions:

14 (A) The amount of the net loss, in excess of \$1,000, from all dispositions of tangible or intangible
15 properties.

16 (B) The amount of the net loss, in excess of \$1,000, from the operation of a farm or farms.

17 (C) The amount of the net loss, in excess of \$1,000, from all operations of a trade or business,
18 profession or other activity entered into for the production or collection of income.

19 (D) The amount of the net loss, in excess of \$1,000, from tangible or intangible property held for
20 the production of rents, royalties or other income.

21 (E) The amount of any net operating loss carryovers or carrybacks included in federal adjusted
22 gross income.

23 (F) The amount, in excess of \$5,000, of the combined deductions or other allowances for depre-
24 ciation, amortization or depletion.

25 (G) The amount added or subtracted, as required within the context of this section, for adjust-
26 ments made under ORS 316.680 (2)(d) and 316.707 to 316.737.

27 (c) "Income" does not include any of the following:

28 (A) Any governmental grant that must be used by the taxpayer for rehabilitation of the home-
29 stead of the taxpayer.

30 (B) The amount of any payments made pursuant to ORS 310.630 to 310.706.

31 (C) Any refund of Oregon personal income taxes that were imposed under ORS chapter 316.

32 (5)(a) "Net worth" means the sum of the current market value of all assets, including real
33 property, cash, savings accounts, bonds and other investments, after deducting outstanding liabil-
34 ities.

35 (b) "Net worth" does not include the value of a homestead for which deferral is claimed under
36 ORS 311.666 to 311.701, the cash value of life insurance policies on the life of a taxpayer or tangible
37 personal property owned by a taxpayer.

38 (6) "Person with a disability" means an individual who has been determined to be eligible to
39 receive or who is receiving federal Social Security benefits due to disability or blindness, including
40 an individual who is receiving Social Security survivor benefits in lieu of Social Security benefits
41 due to disability or blindness.

42 (7) "Tax-deferred property" means the property upon which taxes are deferred under ORS
43 311.666 to 311.701.

44 (8) "Taxes" or "property taxes" means ad valorem taxes, assessments, fees and charges entered
45 on the assessment and tax roll.

1 (9) "Taxpayer" means an individual who has filed, as an individual or jointly, a claim for defer-
2 ral under ORS 311.666 to 311.701.

3 (10)(a) "Transferee" means, without limitation, an heir, legatee, devisee, distributee of an estate
4 of a deceased individual, the assignee or donee of an insolvent individual or a person acting in a
5 fiduciary capacity on behalf of a transferee.

6 (b) "Transferee" does not mean a bona fide purchaser for value.

7 (11) "U.S. City Average Consumer Price Index" means the U.S. City Average Consumer Price
8 Index for All Urban Consumers (All Items) as published by the Bureau of Labor Statistics of the
9 United States Department of Labor.

10 **SECTION 17.** ORS 314.011 is amended to read:

11 314.011. (1) As used in this chapter, unless the context requires otherwise, "department" means
12 the Department of Revenue.

13 (2) As used in this chapter:

14 (a) Any term has the same meaning as when used in a comparable context in the laws of the
15 United States relating to federal income taxes, unless a different meaning is clearly required or the
16 term is specifically defined in this chapter.

17 (b) Except where the Legislative Assembly has provided otherwise, a reference to the laws of
18 the United States or to the Internal Revenue Code refers to the laws of the United States or to the
19 Internal Revenue Code as they are amended and in effect:

20 (A) On December 31, [2014] **2015**; or

21 (B) If related to the definition of taxable income, as applicable to the tax year of the taxpayer.

22 (c) With respect to ORS 314.105, 314.256 (relating to proxy tax on lobbying expenditures), 314.260
23 (1)(b), 314.265 (1)(b), 314.302, 314.306, 314.330, 314.360, 314.362, 314.385, 314.402, 314.410, 314.412,
24 314.525, 314.742 (7), 314.750 and 314.752 and other provisions of this chapter, except those described
25 in paragraph (b) of this subsection, any reference to the laws of the United States or to the Internal
26 Revenue Code means the laws of the United States relating to income taxes or the Internal Revenue
27 Code as they are amended on or before December 31, [2014] **2015**, even when the amendments take
28 effect or become operative after that date, except where the Legislative Assembly has specifically
29 provided otherwise.

30 (3) Insofar as is practicable in the administration of this chapter, the department shall apply and
31 follow the administrative and judicial interpretations of the federal income tax law. When a pro-
32 vision of the federal income tax law is the subject of conflicting opinions by two or more federal
33 courts, the department shall follow the rule observed by the United States Commissioner of Internal
34 Revenue until the conflict is resolved. Nothing contained in this section limits the right or duty of
35 the department to audit the return of any taxpayer or to determine any fact relating to the tax li-
36 ability of any taxpayer.

37 (4) When portions of the Internal Revenue Code incorporated by reference as provided in sub-
38 section (2) of this section refer to rules or regulations prescribed by the Secretary of the Treasury,
39 then such rules or regulations shall be regarded as rules adopted by the department under and in
40 accordance with the provisions of this chapter, whenever they are prescribed or amended.

41 (5)(a) When portions of the Internal Revenue Code incorporated by reference as provided in
42 subsection (2) of this section are later corrected by an Act or a Title within an Act of the United
43 States Congress designated as an Act or Title making technical corrections, then notwithstanding
44 the date that the Act or Title becomes law, those portions of the Internal Revenue Code, as so
45 corrected, shall be the portions of the Internal Revenue Code incorporated by reference as provided

1 in subsection (2) of this section and shall take effect, unless otherwise indicated by the Act or Title
 2 (in which case the provisions shall take effect as indicated in the Act or Title), as if originally in-
 3 cluded in the provisions of the Act being technically corrected. If, on account of this subsection, any
 4 adjustment is required to an Oregon return that would otherwise be prevented by operation of law
 5 or rule, the adjustment shall be made, notwithstanding any law or rule to the contrary, in the
 6 manner provided under ORS 314.135.

7 (b) As used in this subsection, "Act or Title" includes any subtitle, division or other part of an
 8 Act or Title.

9 **SECTION 17a.** ORS 314.385 is amended to read:

10 314.385. (1)(a) For purposes of ORS chapter 316, returns shall be filed with the Department of
 11 Revenue on or before the due date of the corresponding federal return for the tax year as prescribed
 12 under the Internal Revenue Code and the regulations adopted pursuant thereto[, *except that the final*
 13 *return of a decedent shall be filed at any time following the death of the decedent, to and including the*
 14 *15th day of the fourth month after expiration of the regular tax year of the decedent*].

15 (b) For purposes of ORS chapters 317 and 318, returns shall be filed with the department on or
 16 before the 15th day of the month following the due date of the corresponding federal return for the
 17 tax year, as prescribed under the Internal Revenue Code and the regulations adopted pursuant
 18 thereto.

19 (c) The department may allow further time for filing returns equal in length to the extension
 20 periods allowed under the Internal Revenue Code and its regulations.

21 (d) If no return is required to be filed for federal income tax purposes, the due date or extension
 22 period for a return shall be the same as the due date, or extension period, would have been if the
 23 taxpayer had been required to file a return for federal income tax purposes for the tax year. How-
 24 ever, the due date for returns filed for purposes of ORS chapter 317 or 318 shall be on or before the
 25 15th day of the month following what would have been the federal return due date for the tax year.

26 (2) There shall be annexed to the return a statement verified as provided under ORS 305.810 by
 27 a declaration of the taxpayer making the return to the effect that the statements contained therein
 28 are true.

29 (3) Returns shall be in [*such*] **the** form [*as*] the department may, from time to time, prescribe.
 30 The department shall prepare blank forms for the returns and distribute them throughout the state.
 31 [*Such*] **The** forms shall be furnished the taxpayer upon request, but failure to receive or secure a
 32 form [*shall*] **does** not relieve the taxpayer from the obligation of making any return required by law.

33 (4)(a) The department may by rule authorize the filing of a return in alternative formats to those
 34 described in subsection (3) of this section and may prescribe the conditions, requirements and tech-
 35 nical standards for a filing under this subsection.

36 (b) Notwithstanding subsections (1) to (3) of this section, the department may by rule prescribe
 37 a different due date for a return filed in an alternative format.

38 (c) The policy of the Legislative Assembly in granting the department rulemaking authority un-
 39 der paragraph (b) of this subsection is to have the department prescribe due dates that mirror the
 40 due dates that apply to federal returns filed in alternative formats for federal tax purposes.

41 **SECTION 17b.** ORS 314.724 is amended to read:

42 314.724. (1) Every partnership having a resident partner or having any income derived from
 43 sources in this state, determined in accordance with the applicable rules as in the case of a non-
 44 resident individual, shall make a return for the taxable year setting forth all items of income, gain,
 45 loss and deduction, and the names and addresses of the individuals (whether residents or nonresi-

1 dents) who would be entitled to share in the net income, if distributed, and the amount of the dis-
 2 tributive share of each individual, and *[such]* **any** other pertinent information *[as]* the Department
 3 of Revenue may prescribe by regulations and instructions. *[Such]* **The** return shall be filed on or
 4 before *[the 15th day of the fourth month following the close of each taxable year]* **the due date of the**
 5 **corresponding federal return for the tax year as prescribed under the Internal Revenue Code**
 6 **and the regulations adopted pursuant thereto.** For purposes of this section, “taxable year” means
 7 a year or period which would be a taxable year of the partnership if it were subject to tax under
 8 ORS chapter 316.

9 (2) If a partnership transacting business in this state is required to make a return under sub-
 10 section (1) of this section and fails to file the return or files a return which fails to show the in-
 11 formation required under subsection (1) of this section, the Department of Revenue shall assess a
 12 penalty against the partnership in the amount specified in subsection (3) of this section for each
 13 month or part of a month during which the failure continues.

14 (3) The amount of the penalty imposed under subsection (2) of this section shall be determined
 15 by the department by rule. However, the amount of the penalty imposed for each month *[shall]* **may**
 16 not exceed the product of \$50 multiplied by the number of persons who were partners in the part-
 17 nership during any part of the taxable year, and the total amount of the penalty *[shall]* **may** not
 18 exceed five times the monthly penalty.

19 (4) The penalty imposed under this section is in addition to any other penalty provided by law.
 20 Any partnership against which a penalty is assessed under this section may appeal to the tax court
 21 as provided in ORS 305.404 to 305.560. If the penalty is not paid within 10 days after the order of
 22 the tax court becomes final, the department may record the order and collect the amount assessed
 23 in the same manner as income tax deficiencies are recorded and collected under ORS 314.430.

24 (5) The department may waive all or any part of the penalty imposed under this section if the
 25 failure was due to reasonable cause.

26 **SECTION 18.** ORS 315.004 is amended to read:

27 315.004. (1) Except when the context requires otherwise, the definitions contained in ORS
 28 chapters 314, 316, 317 and 318 are applicable in the construction, interpretation and application of
 29 the personal and corporate income and excise tax credits contained in this chapter.

30 (2)(a) For purposes of the tax credits contained in this chapter, any term has the same meaning
 31 as when used in a comparable context in the laws of the United States relating to federal income
 32 taxes, unless a different meaning is clearly required or the term is specifically defined for purposes
 33 of construing, interpreting and applying the credit.

34 (b) With respect to the tax credits contained in this chapter, any reference to the laws of the
 35 United States or to the Internal Revenue Code means the laws of the United States relating to in-
 36 come taxes or the Internal Revenue Code as they are amended on or before December 31, *[2014]*
 37 **2015**, even when the amendments take effect or become operative after that date.

38 (3) Insofar as is practicable in the administration of this chapter, the Department of Revenue
 39 shall apply and follow the administrative and judicial interpretations of the federal income tax law.
 40 When a provision of the federal income tax law is the subject of conflicting opinions by two or more
 41 federal courts, the department shall follow the rule observed by the United States Commissioner of
 42 Internal Revenue until the conflict is resolved. Nothing contained in this section limits the right
 43 or duty of the department to audit the return of any taxpayer or to determine any fact relating to
 44 the tax liability of any taxpayer.

45 (4) When portions of the Internal Revenue Code incorporated by reference as provided in sub-

1 section (2) of this section refer to rules or regulations prescribed by the Secretary of the Treasury,
 2 then such rules or regulations shall be regarded as rules adopted by the department under and in
 3 accordance with the provisions of this chapter, whenever they are prescribed or amended.

4 (5)(a) When portions of the Internal Revenue Code incorporated by reference as provided in
 5 subsection (2) of this section are later corrected by an Act or a Title within an Act of the United
 6 States Congress designated as an Act or Title making technical corrections, then notwithstanding
 7 the date that the Act or Title becomes law, those portions of the Internal Revenue Code, as so
 8 corrected, shall be the portions of the Internal Revenue Code incorporated by reference as provided
 9 in subsection (2) of this section and shall take effect, unless otherwise indicated by the Act or Title
 10 (in which case the provisions shall take effect as indicated in the Act or Title), as if originally in-
 11 cluded in the provisions of the Act being technically corrected. If, on account of this subsection, any
 12 adjustment is required to an Oregon return that would otherwise be prevented by operation of law
 13 or rule, the adjustment shall be made, notwithstanding any law or rule to the contrary, in the
 14 manner provided under ORS 314.135.

15 (b) As used in this subsection, "Act or Title" includes any subtitle, division or other part of an
 16 Act or Title.

17 **SECTION 19.** ORS 316.012 is amended to read:

18 316.012. Any term used in this chapter has the same meaning as when used in a comparable
 19 context in the laws of the United States relating to federal income taxes, unless a different meaning
 20 is clearly required or the term is specifically defined in this chapter. Except where the Legislative
 21 Assembly has provided otherwise, any reference in this chapter to the laws of the United States or
 22 to the Internal Revenue Code refers to the laws of the United States or to the Internal Revenue
 23 Code as they are amended and in effect:

24 (1) On December 31, [2014] **2015**; or

25 (2) If related to the definition of taxable income, as applicable to the tax year of the taxpayer.

26 **SECTION 20.** ORS 317.010 is amended to read:

27 317.010. As used in this chapter, unless the context requires otherwise:

28 (1) "Centrally assessed corporation" means every corporation the property of which is assessed
 29 by the Department of Revenue under ORS 308.505 to 308.681.

30 (2) "Department" means the Department of Revenue.

31 (3)(a) "Consolidated federal return" means the return permitted or required to be filed by a
 32 group of affiliated corporations under section 1501 of the Internal Revenue Code.

33 (b) "Consolidated state return" means the return required to be filed under ORS 317.710 (5).

34 (4) "Doing business" means any transaction or transactions in the course of its activities con-
 35 ducted within the state by a national banking association, or any other corporation; provided, how-
 36 ever, that a foreign corporation whose activities in this state are confined to purchases of personal
 37 property, and the storage thereof incident to shipment outside the state, shall not be deemed to be
 38 doing business unless such foreign corporation is an affiliate of another foreign or domestic corpo-
 39 ration which is doing business in Oregon. Whether or not corporations are affiliated shall be de-
 40 termined as provided in section 1504 of the Internal Revenue Code.

41 (5) "Excise tax" means a tax measured by or according to net income imposed upon national
 42 banking associations, all other banks, and financial, centrally assessed, mercantile, manufacturing
 43 and business corporations for the privilege of carrying on or doing business in this state.

44 (6) "Financial institution" has the meaning given that term in ORS 314.610 except that it does
 45 not include a credit union as defined in ORS 723.006, an interstate credit union as defined in ORS

1 723.001 or a federal credit union.

2 (7) "Internal Revenue Code," except where the Legislative Assembly has provided otherwise,
3 refers to the laws of the United States or to the Internal Revenue Code as they are amended and
4 in effect:

5 (a) On December 31, [2014] **2015**; or

6 (b) If related to the definition of taxable income, as applicable to the tax year of the taxpayer.

7 (8) "Oregon taxable income" means taxable income, less the deduction allowed under ORS
8 317.476, except as otherwise provided with respect to insurers in subsection (11) of this section and
9 ORS 317.650 to 317.665.

10 (9) "Oregon net loss" means taxable loss, except as otherwise provided with respect to insurers
11 in subsection (11) of this section and ORS 317.650 to 317.665.

12 (10) "Taxable income or loss" means the taxable income or loss determined, or in the case of a
13 corporation for which no federal taxable income or loss is determined, as would be determined, un-
14 der chapter 1, Subtitle A of the Internal Revenue Code and any other laws of the United States
15 relating to the determination of taxable income or loss of corporate taxpayers, with the additions,
16 subtractions, adjustments and other modifications as are specifically prescribed by this chapter ex-
17 cept that in determining taxable income or loss for any year, no deduction under ORS 317.476 or
18 317.478 and section 45b, chapter 293, Oregon Laws 1987, shall be allowed. If the corporation is a
19 corporation to which ORS 314.280 or 314.605 to 314.675 (requiring or permitting apportionment of
20 income from transactions or activities carried on both within and without the state) applies, to
21 derive taxable income or loss, the following shall occur:

22 (a) From the amount otherwise determined under this subsection, subtract nonbusiness income,
23 or add nonbusiness loss, whichever is applicable.

24 (b) Multiply the amount determined under paragraph (a) of this subsection by the Oregon ap-
25 portionment percentage defined under ORS 314.280, 314.650 or 314.667, whichever is applicable. The
26 resulting product shall be Oregon apportioned income or loss.

27 (c) To the amount determined as Oregon apportioned income or loss under paragraph (b) of this
28 subsection, add nonbusiness income allocable entirely to Oregon under ORS 314.280 or 314.625 to
29 314.645, or subtract nonbusiness loss allocable entirely to Oregon under ORS 314.280 or 314.625 to
30 314.645. The resulting figure is "taxable income or loss" for those corporations carrying on taxable
31 transactions or activities both within and without Oregon.

32 (11) As used in ORS 317.122 and 317.650 to 317.665, "insurer" means any domestic, foreign or
33 alien insurer as defined in ORS 731.082 and any interinsurance and reciprocal exchange and its at-
34 torney in fact with respect to its attorney in fact net income as a corporate attorney in fact acting
35 as attorney in compliance with ORS 731.458, 731.462, 731.466 and 731.470 for the reciprocal or
36 interinsurance exchange. However, "insurer" does not include title insurers or health care service
37 contractors operating pursuant to ORS 750.005 to 750.095.

38 **SECTION 21.** ORS 316.147 is amended to read:

39 316.147. As used in ORS 316.147 to 316.149, unless the context requires otherwise:

40 (1) "Eligible taxpayer" includes any individual who must pay taxes otherwise imposed by this
41 chapter and:

42 (a) Who pays or incurs expenses for the care of a qualified individual, through a payment
43 method determined by rule of the Department of Revenue; and

44 (b) Who has a household income, for the taxable year, not to exceed the maximum amount of
45 household income allowed in ORS 310.640 (1989 Edition) for a homeowner or renter refund.

1 (2) "Household income" means the aggregate income of the eligible taxpayer and the spouse of
2 the taxpayer who reside in the household, that was received during a calendar year. "Household
3 income" includes payments received by the eligible taxpayer or the spouse of the taxpayer under the
4 federal Social Security Act for the benefit of a minor child or minor children who reside in the
5 household.

6 (3) "Income" means "adjusted gross income" as defined in the federal Internal Revenue Code,
7 as amended and in effect on December 31, [2014] **2015**, even when the amendments take effect or
8 become operative after that date, relating to the measurement of taxable income of individuals, es-
9 tates and trusts, with the following modifications:

10 (a) There shall be added to adjusted gross income the following items of otherwise exempt in-
11 come:

12 (A) The gross amount of any otherwise exempt pension less return of investment, if any.

13 (B) Child support received by the taxpayer.

14 (C) Inheritances.

15 (D) Gifts and grants, the sum of which are in excess of \$500 per year.

16 (E) Amounts received by a taxpayer or spouse of a taxpayer for support from a parent who is
17 not a member of the taxpayer's household.

18 (F) Life insurance proceeds.

19 (G) Accident and health insurance proceeds, except reimbursement of incurred medical expenses.

20 (H) Personal injury damages.

21 (I) Sick pay that is not included in federal adjusted gross income.

22 (J) Strike benefits excluded from federal gross income.

23 (K) Worker's compensation, except for reimbursement of medical expense.

24 (L) Military pay and benefits.

25 (M) Veteran's benefits.

26 (N) Payments received under the federal Social Security Act that are excluded from federal
27 gross income.

28 (O) Welfare payments, except as follows:

29 (i) Payments for medical care, drugs and medical supplies, if the payments are not made directly
30 to the welfare recipient;

31 (ii) In-home services authorized and approved by the Department of Human Services; and

32 (iii) Direct or indirect reimbursement of expenses paid or incurred for participation in work or
33 training programs.

34 (P) Nontaxable dividends.

35 (Q) Nontaxable interest not included in federal adjusted gross income.

36 (R) Rental allowance paid to a minister that is excluded from federal gross income.

37 (S) Income from sources without the United States that is excluded from federal gross income.

38 (b) Adjusted gross income shall be increased due to the disallowance of the following deductions:

39 (A) The amount of the net loss, in excess of \$1,000, from all dispositions of tangible or intangible
40 properties.

41 (B) The amount of the net loss, in excess of \$1,000, from the operation of a farm or farms.

42 (C) The amount of the net loss, in excess of \$1,000, from all operations of a trade or business,
43 profession or other activity entered into for the production or collection of income.

44 (D) The amount of the net loss, in excess of \$1,000, from tangible or intangible property held for
45 the production of rents, royalties or other income.

1 (E) The amount of any net operating loss carryovers or carrybacks included in federal adjusted
2 gross income.

3 (F) The amount, in excess of \$5,000, of the combined deductions or other allowances for depre-
4 ciation, amortization or depletion.

5 (G) The amount added or subtracted, as required within the context of this section, for adjust-
6 ments made under ORS 316.680 (2)(d) and 316.707 to 316.737.

7 (c) "Income" does not include any of the following:

8 (A) Any governmental grant that must be used by the taxpayer for rehabilitation of the home-
9 stead of the taxpayer.

10 (B) The amount of any payments made pursuant to ORS 310.630 to 310.706.

11 (C) Any refund of Oregon personal income taxes that were imposed under this chapter.

12 (4) "Qualified individual" includes an individual at least 60 years of age on the date that the
13 expenses described in subsection (1)(a) of this section are paid or incurred by the eligible taxpayer:

14 (a) Whose household income does not exceed \$7,500 for the calendar year in which the taxable
15 year of the taxpayer begins;

16 (b) Who is eligible for authorized services as defined in ORS 410.410 under Oregon Project In-
17 dependence;

18 (c) Who is certified by the Department of Human Services; and

19 (d) Whose care or any portion thereof is not paid for under ORS chapter 414.

20 **SECTION 22.** ORS 316.157 is amended to read:

21 316.157. (1) In the case of an eligible individual, there shall be allowed as a credit against the
22 taxes otherwise due under this chapter for the taxable year an amount equal to the lesser of the tax
23 liability of the taxpayer or nine percent of net pension income.

24 (2) For purposes of this section:

25 (a) "Eligible individual" means any individual who is receiving pension income and who has at-
26 tained the following age before the close of the taxable year:

27 (A) For taxable years beginning on or after January 1, 1991, and before January 1, 1993, the
28 individual must attain 58 years of age before the close of the taxable year.

29 (B) For taxable years beginning on or after January 1, 1993, and before January 1, 1995, the
30 individual must attain 59 years of age before the close of the taxable year.

31 (C) For taxable years beginning on or after January 1, 1995, and before January 1, 1997, the
32 individual must attain 60 years of age before the close of the taxable year.

33 (D) For taxable years beginning on or after January 1, 1997, and before January 1, 1999, the
34 individual must attain 61 years of age before the close of the taxable year.

35 (E) For taxable years beginning on or after January 1, 1999, the individual must attain 62 years
36 of age before the close of the taxable year.

37 (b) "Household income" means the aggregate income of the taxpayer and the spouse of the tax-
38 payer who reside in the household, that was received during the taxable year for which a credit is
39 claimed, except that "household income" does not include Social Security benefits received by the
40 taxpayer or the spouse of the taxpayer.

41 (c) "Income" means "adjusted gross income" as defined in the federal Internal Revenue Code,
42 as amended and in effect on December 31, [2014] 2015, even when the amendments take effect or
43 become operative after that date, relating to the measurement of taxable income of individuals, es-
44 tates and trusts, with the following modifications:

45 (A) There shall be added to adjusted gross income the following items of otherwise exempt in-

- 1 come:
- 2 (i) The gross amount of any otherwise exempt pension less return of investment, if any.
- 3 (ii) Child support received by the taxpayer.
- 4 (iii) Inheritances.
- 5 (iv) Gifts and grants, the sum of which are in excess of \$500 per year.
- 6 (v) Amounts received by a taxpayer or spouse of a taxpayer for support from a parent who is
7 not a member of the taxpayer's household.
- 8 (vi) Life insurance proceeds.
- 9 (vii) Accident and health insurance proceeds, except reimbursement of incurred medical ex-
10 penses.
- 11 (viii) Personal injury damages.
- 12 (ix) Sick pay that is not included in federal adjusted gross income.
- 13 (x) Strike benefits excluded from federal gross income.
- 14 (xi) Worker's compensation, except for reimbursement of medical expense.
- 15 (xii) Military pay and benefits.
- 16 (xiii) Veteran's benefits.
- 17 (xiv) Payments received under the federal Social Security Act that are excluded from federal
18 gross income.
- 19 (xv) Welfare payments, except as follows:
- 20 (I) Payments for medical care, drugs and medical supplies, if the payments are not made directly
21 to the welfare recipient;
- 22 (II) In-home services authorized and approved by the Department of Human Services; and
- 23 (III) Direct or indirect reimbursement of expenses paid or incurred for participation in work or
24 training programs.
- 25 (xvi) Nontaxable dividends.
- 26 (xvii) Nontaxable interest not included in federal adjusted gross income.
- 27 (xviii) Rental allowance paid to a minister that is excluded from federal gross income.
- 28 (xix) Income from sources without the United States that is excluded from federal gross income.
- 29 (B) Adjusted gross income shall be increased due to the disallowance of the following de-
30 ductions:
- 31 (i) The amount of the net loss, in excess of \$1,000, from all dispositions of tangible or intangible
32 properties.
- 33 (ii) The amount of the net loss, in excess of \$1,000, from the operation of a farm or farms.
- 34 (iii) The amount of the net loss, in excess of \$1,000, from all operations of a trade or business,
35 profession or other activity entered into for the production or collection of income.
- 36 (iv) The amount of the net loss, in excess of \$1,000, from tangible or intangible property held for
37 the production of rents, royalties or other income.
- 38 (v) The amount of any net operating loss carryovers or carrybacks included in federal adjusted
39 gross income.
- 40 (vi) The amount, in excess of \$5,000, of the combined deductions or other allowances for depre-
41 ciation, amortization or depletion.
- 42 (vii) The amount added or subtracted, as required within the context of this section, for adjust-
43 ments made under ORS 316.680 (2)(d) and 316.707 to 316.737.
- 44 (C) "Income" does not include any of the following:
- 45 (i) Any governmental grant that must be used by the taxpayer for rehabilitation of the home-

1 stead of the taxpayer.

2 (ii) The amount of any payments made pursuant to ORS 310.630 to 310.706.

3 (iii) Any refund of Oregon personal income taxes that were imposed under this chapter.

4 (d) "Net pension income" means:

5 (A) For eligible individuals filing a joint return, the lesser of the pension income of the eligible
6 individuals received during the taxable year or the excess, if any, of \$15,000 over the sum of the
7 following amounts:

8 (i) Any Social Security benefits received by the eligible individual, or by the spouse of the in-
9 dividual, during the taxable year; and

10 (ii) The excess, if any, of household income over \$30,000.

11 (B) For an eligible individual filing a return other than a joint return, the lesser of the pension
12 income of the eligible individual received during the taxable year or the excess, if any, of \$7,500
13 over the sum of the following amounts:

14 (i) Any Social Security benefits received by the eligible individual during the taxable year; and

15 (ii) The excess, if any, of household income over \$15,000.

16 (e) "Pension income" means income included in Oregon taxable income from:

17 (A) Distributions from or pursuant to an employee pension benefit plan, as defined in section
18 3(2) of the Employee Retirement Income Security Act of 1974, which satisfies the requirements of
19 section 401 of the Internal Revenue Code;

20 (B) Distributions from or pursuant to a public retirement system of this state or a political
21 subdivision of this state, or a public retirement system created by an Act of this state or a political
22 subdivision of this state, or the public retirement system of any other state or local government;

23 (C) Distributions from or pursuant to a federal retirement system created by the federal gov-
24 ernment for any officer or employee of the United States, including any person retired from service
25 in the United States Civil Service, the Armed Forces of the United States or any agency or subdi-
26 vision thereof;

27 (D) Distributions or withdrawals from or pursuant to an eligible deferred compensation plan
28 which satisfies the requirements of section 457 of the Internal Revenue Code;

29 (E) Distributions or withdrawals from or pursuant to an individual retirement account, annuity
30 or trust or simplified employee pension which satisfies the requirements of section 408 of the Inter-
31 nal Revenue Code; and

32 (F) Distributions or withdrawals from or pursuant to an employee annuity, including custodial
33 accounts treated as annuities, subject to section 403 (a) or (b) of the Internal Revenue Code.

34 (f) "Social Security benefits" means Social Security benefits, as defined in section 86 of the
35 Internal Revenue Code (Title II Social Security or tier 1 railroad retirement benefits).

36 (3) If a change in the taxable year of the eligible individual occurs as described in ORS 314.085,
37 or if the Department of Revenue terminates the tax year of the eligible individual under ORS
38 314.440, the credit allowed by this section shall be prorated or computed in a manner consistent with
39 ORS 314.085.

40 (4) If a change in the status of the eligible individual from resident to nonresident or from
41 nonresident to resident occurs, the credit allowed by this section shall be determined in a manner
42 consistent with subsection (1) of this section.

43 **SECTION 23.** ORS 317.097 is amended to read:

44 317.097. (1) As used in this section:

45 (a) "Annual rate" means the yearly interest rate specified on the note, and not the annual per-

1 centage rate, if any, disclosed to the applicant to comply with the federal Truth in Lending Act.

2 (b) "Finance charge" means the total of all interest, loan fees, interest on any loan fees financed
3 by the lending institution, and other charges related to the cost of obtaining credit.

4 (c) "Lending institution" means any insured institution, as that term is defined in ORS 706.008,
5 any mortgage banking company that maintains an office in this state or any community development
6 corporation that is organized under the Oregon Nonprofit Corporation Law.

7 (d) "Manufactured dwelling park" has the meaning given that term in ORS 446.003.

8 (e) "Nonprofit corporation" means a corporation that is exempt from income taxes under section
9 501(c)(3) or (4) of the Internal Revenue Code as amended and in effect on December 31, [2014]
10 **2015.**

11 (f) "Preservation project" means housing that was previously developed as affordable housing
12 with a contract for rent assistance from the United States Department of Housing and Urban De-
13 velopment or the United States Department of Agriculture and that is being acquired by a spon-
14 soring entity.

15 (g) "Qualified assignee" means any investor participating in the secondary market for real estate
16 loans.

17 (h) "Qualified borrower" means any borrower that is a sponsoring entity that has a controlling
18 interest in the real property that is financed by a qualified loan. A controlling interest includes, but
19 is not limited to, a controlling interest in the general partner of a limited partnership that owns the
20 real property.

21 (i) "Qualified loan" means:

22 (A) A loan that meets the criteria stated in subsection (5) of this section or that is made to re-
23 finance a loan that meets the criteria described in subsection (5) of this section; or

24 (B) The purchase by a lending institution of bonds, as defined in ORS 286A.001, issued on behalf
25 of the Housing and Community Services Department, the proceeds of which are used to finance or
26 refinance a loan that meets the criteria described in subsection (5) of this section.

27 (j) "Sponsoring entity" means a nonprofit corporation, nonprofit cooperative, state governmental
28 entity, local unit of government as defined in ORS 466.706, housing authority or any other person,
29 provided that the person has agreed to restrictive covenants imposed by a nonprofit corporation,
30 nonprofit cooperative, state governmental entity, local unit of government or housing authority.

31 (2) The Department of Revenue shall allow a credit against taxes otherwise due under this
32 chapter for the taxable year to a lending institution that makes a qualified loan certified by the
33 Housing and Community Services Department as provided in subsection (7) of this section. The
34 amount of the credit is equal to the difference between:

35 (a) The amount of finance charge charged by the lending institution during the taxable year at
36 an annual rate less than the market rate for a qualified loan that is made before January 1, 2020,
37 that complies with the requirements of this section; and

38 (b) The amount of finance charge that would have been charged during the taxable year by the
39 lending institution for the qualified loan for housing construction, development, acquisition or re-
40 habilitation measured at the annual rate charged by the lending institution for nonsubsidized loans
41 made under like terms and conditions at the time the qualified loan for housing construction, de-
42 velopment, acquisition or rehabilitation is made.

43 (3) The maximum amount of credit for the difference between the amounts described in sub-
44 section (2)(a) and (b) of this section may not exceed four percent of the average unpaid balance of
45 the qualified loan during the tax year for which the credit is claimed.

1 (4) Any tax credit allowed under this section that is not used by the taxpayer in a particular
2 year may be carried forward and offset against the taxpayer's tax liability for the next succeeding
3 tax year. Any credit remaining unused in the next succeeding tax year may be carried forward and
4 used in the second succeeding tax year, and likewise, any credit not used in that second succeeding
5 tax year may be carried forward and used in the third succeeding tax year, and any credit not used
6 in that third succeeding tax year may be carried forward and used in the fourth succeeding tax year,
7 and any credit not used in that fourth succeeding tax year may be carried forward and used in the
8 fifth succeeding tax year, but may not be carried forward for any tax year thereafter.

9 (5) To be eligible for the tax credit allowable under this section, a lending institution must make
10 a qualified loan by either purchasing bonds, as defined in ORS 286A.001, issued on behalf of the
11 Housing and Community Services Department, the proceeds of which are used to finance or refi-
12 nance a loan that meets the criteria stated in this subsection, or by making a loan directly to:

13 (a) An individual or individuals who own a dwelling, participate in an owner-occupied commu-
14 nity rehabilitation program and are certified by the local government or its designated agent as
15 having an income level when the loan is made of less than 80 percent of the area median income;

16 (b) A qualified borrower who:

17 (A) Uses the loan proceeds to finance construction, development, acquisition or rehabilitation
18 of housing; and

19 (B) Provides a written certification executed by the Housing and Community Services Depart-
20 ment that the:

21 (i) Housing created by the loan is or will be occupied by households earning less than 80 percent
22 of the area median income; and

23 (ii) Full amount of savings from the reduced interest rate provided by the lending institution is
24 or will be passed on to the tenants in the form of reduced housing payments, regardless of other
25 subsidies provided to the housing project;

26 (c) Subject to subsection (14) of this section, a qualified borrower who:

27 (A) Uses the loan proceeds to finance construction, development, acquisition or rehabilitation
28 of housing consisting of a manufactured dwelling park; and

29 (B) Provides a written certification executed by the Housing and Community Services Depart-
30 ment that the housing will continue to be operated as a manufactured dwelling park during the pe-
31 riod for which the tax credit is allowed; or

32 (d) A qualified borrower who:

33 (A) Uses the loan proceeds to finance acquisition or rehabilitation of housing consisting of a
34 preservation project; and

35 (B) Provides a written certification executed by the Housing and Community Services Depart-
36 ment that the housing preserved by the loan:

37 (i) Is or will be occupied by households earning less than 80 percent of the area median income;
38 and

39 (ii) Is the subject of a rent assistance contract with the United States Department of Housing
40 and Urban Development or the United States Department of Agriculture that will be maintained by
41 the qualified borrower.

42 (6) A loan made to refinance a loan that meets the criteria stated in subsection (5) of this sec-
43 tion must be treated the same as a loan that meets the criteria stated in subsection (5) of this sec-
44 tion.

45 (7) For a qualified loan to be eligible for the tax credit allowable under this section, the Housing

1 and Community Services Department must execute a written certification for the qualified loan that:

2 (a) Specifies the period, not to exceed 20 years, as determined by the Housing and Community
3 Services Department, during which the tax credit is allowed for the qualified loan; and

4 (b) States that the qualified loan is within the limitation imposed by subsection (8) of this sec-
5 tion.

6 (8) The Housing and Community Services Department may certify qualified loans that are eligi-
7 ble under subsection (5) of this section if the total credits attributable to all qualified loans eligible
8 for credits under this section and then outstanding do not exceed \$17 million for any fiscal year. In
9 making loan certifications under subsection (7) of this section, the Housing and Community Services
10 Department shall attempt to distribute the tax credits statewide, but shall concentrate the tax
11 credits in those areas of the state that are determined by the Oregon Housing Stability Council to
12 have the greatest need for affordable housing.

13 (9) The tax credit provided for in this section may be taken whether or not:

14 (a) The financial institution is eligible to take a federal income tax credit under section 42 of
15 the Internal Revenue Code with respect to the project financed by the qualified loan; or

16 (b) The project receives financing from bonds, the interest on which is exempt from federal
17 taxation under section 103 of the Internal Revenue Code.

18 (10) For a qualified loan defined in subsection (1)(i)(B) of this section financed through the pur-
19 chase of bonds, the interest of which is exempt from federal taxation under section 103 of the
20 Internal Revenue Code, the amount of finance charge that would have been charged under sub-
21 section (2)(b) of this section is determined by reference to the finance charge that would have been
22 charged if the federally tax exempt bonds had been issued and the tax credit under this section did
23 not apply.

24 (11) A lending institution may sell a qualified loan for which a certification has been executed
25 to a qualified assignee whether or not the lending institution retains servicing of the qualified loan
26 so long as a designated lending institution maintains records, annually verified by a loan servicer,
27 that establish the amount of tax credit earned by the taxpayer throughout each year of eligibility.

28 (12) Notwithstanding any other provision of law, a lending institution that is a community de-
29 velopment corporation organized under the Oregon Nonprofit Corporation Law may transfer all or
30 part of a tax credit allowed under this section to one or more other lending institutions that are
31 stockholders or members of the community development corporation or that otherwise participate
32 through the community development corporation in the making of one or more qualified loans for
33 which the tax credit under this section is allowed.

34 (13) The lending institution shall file an annual statement with the Housing and Community
35 Services Department, specifying that it has conformed with all requirements imposed by law to
36 qualify for a tax credit under this section.

37 (14) Notwithstanding subsection (1)(h) and (j) of this section, a qualified borrower on a loan to
38 finance the construction, development, acquisition or rehabilitation of a manufactured dwelling park
39 under subsection (5)(c) of this section must be a nonprofit corporation, manufactured dwelling park
40 nonprofit cooperative, state governmental entity, local unit of government as defined in ORS 466.706
41 or housing authority.

42 (15) The Housing and Community Services Department and the Department of Revenue may
43 adopt rules to carry out the provisions of this section.

44 **SECTION 24.** ORS 458.670 is amended to read:

45 458.670. As used in this section and ORS 458.675 to 458.700, unless the context requires other-

1 wise:

2 (1) "Account holder" means a resident of this state who:

3 (a) Is 12 years of age or older;

4 (b) Is a member of a lower income household; and

5 (c) Has established an individual development account with a fiduciary organization.

6 (2) "Fiduciary organization" means an organization selected under ORS 458.695 to administer
7 state moneys directed to individual development accounts and that is:

8 (a) A nonprofit, fund raising organization that is exempt from taxation under section 501(c)(3)
9 of the Internal Revenue Code as amended and in effect on December 31, [2014] **2015**; or

10 (b) A federally recognized Oregon Indian tribe that is located, to a significant degree, within the
11 boundaries of this state.

12 (3) "Financial institution" means:

13 (a) An organization regulated under ORS chapters 706 to 716 or 723; or

14 (b) In the case of individual development accounts established for the purpose described in ORS
15 458.685 (1)(c), a financial institution as defined in ORS 178.300.

16 (4) "Individual development account" means a contract between an account holder and a
17 fiduciary organization, for the deposit of funds into a financial institution by the account holder, and
18 the deposit of matching funds into the financial institution by the fiduciary organization, to allow
19 the account holder to accumulate assets for use toward achieving a specific purpose approved by
20 the fiduciary organization.

21 (5) "Lower income household" means a household having an income equal to or less than the
22 greater of the following:

23 (a) 80 percent of the median household income for the area as determined by the Housing and
24 Community Services Department. In making the determination, the department shall give consider-
25 ation to any data on area household income published by the United States Department of Housing
26 and Urban Development.

27 (b) 200 percent of the poverty guidelines as determined by the Housing and Community Services
28 Department. In making the determination, the department shall give consideration to poverty
29 guidelines published by the United States Department of Health and Human Services and may con-
30 sider other income data periodically published by other federal or Oregon agencies.

31 (6) "Resident of this state" has the meaning given that term in ORS 316.027.

32 **SECTION 25.** ORS 657.010 is amended to read:

33 657.010. As used in this chapter, unless the context requires otherwise:

34 (1) "Base year" means the first four of the last five completed calendar quarters preceding the
35 benefit year.

36 (2) "Benefits" means the money allowances payable to unemployed persons under this chapter.

37 (3) "Benefit year" means a period of 52 consecutive weeks commencing with the first week with
38 respect to which an individual files an initial valid claim for benefits, and thereafter the 52 consec-
39 utive weeks period beginning with the first week with respect to which the individual next files an
40 initial valid claim after the termination of the individual's last preceding benefit year except that
41 the benefit year shall be 53 weeks if the filing of an initial valid claim would result in overlapping
42 any quarter of the base year of a previously filed initial valid claim.

43 (4) "Calendar quarter" means the period of three consecutive calendar months ending on March
44 31, June 30, September 30 or December 31, or the approximate equivalent thereof, as the Director
45 of the Employment Department may, by regulation, prescribe.

1 (5) "Contribution" or "contributions" means the taxes, as defined in subsection (13) of this sec-
2 tion, that are the money payments required by this chapter, or voluntary payments permitted, to be
3 made to the Unemployment Compensation Trust Fund.

4 (6) "Educational institution," including an institution of higher education as defined in sub-
5 section (9) of this section, means an institution:

6 (a) In which participants, trainees or students are offered an organized course of study or
7 training designed to transfer to them knowledge, skills, information, doctrines, attitudes or abilities
8 from, by or under the guidance of an instructor or teacher;

9 (b) That is accredited, registered, approved, licensed or issued a permit to operate as a school
10 by the Department of Education or other government agency, or that offers courses for credit that
11 are transferable to an approved, registered or accredited school;

12 (c) In which the course or courses of study or training that it offers may be academic, technical,
13 trade or preparation for gainful employment in a recognized occupation; and

14 (d) In which the course or courses of study or training are offered on a regular and continuing
15 basis.

16 (7) "Employment office" means a free public employment office or branch thereof, operated by
17 this state or maintained as a part of a state-controlled system of public employment offices.

18 (8) "Hospital" means an organization that has been licensed, certified or approved by the Oregon
19 Health Authority as a hospital.

20 (9) "Institution of higher education" means an educational institution that:

21 (a) Admits as regular students only individuals having a certificate of graduation from a high
22 school, or the recognized equivalent of such a certificate;

23 (b) Is legally authorized in this state to provide a program of education beyond high school;

24 (c) Provides an educational program for which it awards a bachelor's or higher degree, or pro-
25 vides a program that is acceptable for full credit toward such a degree, a program of post-graduate
26 or post-doctoral studies, or a program of training to prepare students for gainful employment in a
27 recognized occupation; and

28 (d) Is a public or other nonprofit institution.

29 (10) "Internal Revenue Code" means the federal Internal Revenue Code, as amended and in ef-
30 fect on December 31, [2014] **2015**.

31 (11) "Nonprofit employing unit" means an organization, or group of organizations, described in
32 section 501(c)(3) of the Internal Revenue Code that is exempt from income tax under section 501(a)
33 of the Internal Revenue Code.

34 (12) "State" includes, in addition to the states of the United States of America, the District of
35 Columbia and Puerto Rico. However, for all purposes of this chapter the Virgin Islands shall be
36 considered a state on and after the day on which the United States Secretary of Labor first approves
37 the Virgin Islands' law under section 3304(a) of the Federal Unemployment Tax Act as amended by
38 Public Law 94-566.

39 (13) "Taxes" means the money payments to the Unemployment Compensation Trust Fund re-
40 quired, or voluntary payments permitted, by this chapter.

41 (14) "Valid claim" means any claim for benefits made in accordance with ORS 657.260 if the
42 individual meets the wages-paid-for-employment requirements of ORS 657.150.

43 (15) "Week" means any period of seven consecutive calendar days ending at midnight, as the
44 director may, by regulation, prescribe. The director may by regulation prescribe that a "week" shall
45 be "in," "within," or "during" the calendar quarter that includes the greater part of such week.

1 **SECTION 26.** (1) Except as provided in subsections (2) and (3) of this section, the
2 amendments to statutes by sections 1 to 25 of this 2016 Act apply to transactions or activities
3 occurring on or after January 1, 2016, in tax years beginning on or after January 1, 2016.

4 (2) The effective and applicable dates, and the exceptions, special rules and coordination
5 with the Internal Revenue Code, as amended, relative to those dates, contained in the Con-
6 solidated Appropriations Act, 2016 (P.L. 114-113), the Slain Officer Family Support Act of 2015
7 (P.L. 114-7), the Don't Tax Our Fallen Public Safety Heroes Act (P.L. 114-14), the Defending
8 Public Safety Employees' Retirement Act (P.L. 114-26), the Trade Preferences Extension Act
9 of 2015 (P.L. 114-27), the Surface Transportation and Veterans Health Care Choice Improve-
10 ment Act of 2015 (P.L. 114-41) and other federal law amending the Internal Revenue Code
11 and enacted before January 1, 2016, apply for Oregon personal income and corporate excise
12 and income tax purposes, to the extent they can be made applicable, in the same manner as
13 they are applied under the Internal Revenue Code and related federal law.

14 (3)(a) If a deficiency is assessed against any taxpayer for a tax year beginning before
15 January 1, 2016, and the deficiency or any portion thereof is attributable to any retroactive
16 treatment under the amendments to ORS 178.300, 305.230, 305.494, 305.690, 305.842, 311.666,
17 314.011, 314.385, 314.724, 315.004, 316.012, 316.147, 316.157, 317.010 and 317.097 by sections 1 and
18 12 to 23 of this 2016 Act, then any interest or penalty assessed under ORS chapter 305, 314,
19 315, 316, 317 or 318 with respect to the deficiency or portion thereof shall be canceled.

20 (b) If a refund is due any taxpayer for a tax year beginning before January 1, 2016, and
21 the refund or any portion thereof is due the taxpayer on account of any retroactive treat-
22 ment under the amendments to ORS 178.300, 305.230, 305.494, 305.690, 305.842, 311.666, 314.011,
23 314.385, 314.724, 315.004, 316.012, 316.147, 316.157, 317.010 and 317.097 by sections 1 and 12 to
24 23 of this 2016 Act, for a tax year beginning before January 1, 2016, then notwithstanding
25 ORS 305.270 or 314.415 or any other law, the refund or portion thereof shall be paid without
26 interest.

27 (c) Any changes required because of the amendments to ORS 178.300, 305.230, 305.494,
28 305.690, 305.842, 311.666, 314.011, 314.385, 314.724, 315.004, 316.012, 316.147, 316.157, 317.010 and
29 317.097 by sections 1 and 12 to 23 of this 2016 Act, for a tax year beginning before January
30 1, 2016, shall be made by filing an amended return within the time prescribed by law.

31 (d) If a taxpayer fails to file an amended return under paragraph (c) of this subsection,
32 the Department of Revenue shall make any changes under paragraph (c) of this subsection
33 on the return to which the changes relate within the period specified for issuing a notice of
34 deficiency or claiming a refund as otherwise provided by law with respect to that return, or
35 within one year after a return for a tax year beginning on or after January 1, 2016, and be-
36 fore January 1, 2017, is filed, whichever period expires later.

37 **SECTION 27.** This 2016 Act takes effect on the 91st day after the date on which the 2016
38 regular session of the Seventy-eighth Legislative Assembly adjourns sine die.