

SB 153 A STAFF MEASURE SUMMARY

Carrier: Rep. Bentz

House Committee On Revenue

Action Date: 05/18/17

Action: Do Pass the A-Eng bill.

Vote: 8-0-1-0

Yeas: 8 - Barnhart, Bentz, Buehler, Hernandez, Johnson, Marsh, Nosse, Smith Warner

Exc: 1 - Smith G

Fiscal: No fiscal impact

Revenue: Has minimal revenue impact

Prepared By: Chris Allanach, Senior Economist

WHAT THE MEASURE DOES:

Clarifies the method of determining taxable income on corporation tax returns when an insurance company is a member of an affiliated group. Allows a 100 percent deduction for dividend payments made by the insurer to the parent company. Applies to open tax years and takes effect on the 91st day following sine die.

ISSUES DISCUSSED:

- Relation between dividends paid by insurance companies and their Oregon taxes
- Intent is to avoid double taxation
- Related court cases

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Insurance companies that are members of a consolidated group for purposes of filing federal income taxes are required to file a separate tax return for Oregon. This bill clarifies how dividend income is to be treated when determining Oregon taxable income for the insurance company and the parent company, or the rest of the affiliated group.