

Senate Bill 148

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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 **as introduced**.

Makes technical changes in Oregon tax statutes. Adjusts grammar and syntax. Repeals and deletes obsolete statutes and provisions. Conforms language and structure to existing statutes.

A BILL FOR AN ACT

1
2 Relating to the correction of erroneous material in Oregon tax law; amending ORS 90.800, 275.275,
3 305.455, 305.487, 305.695, 307.270, 307.600, 308A.050, 308A.303, 308A.353, 311.070, 311.232, 311.666,
4 311.807, 312.050, 315.208, 315.272, 316.003, 316.147, 316.157, 316.587, 321.259, 321.262, 321.703,
5 321.808, 321.817, 323.803 and 456.579; and repealing ORS 307.111, 308.020, 308.341, 308.343,
6 308.905, 311.160 and 311.796.

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

SECTION 1. ORS 90.800 is amended to read:

9 90.800. (1) The State of Oregon encourages affordable housing options for all Oregonians. One
10 housing alternative chosen by many Oregonians is facility living. The Legislative Assembly finds
11 that many facility tenants would like to join together, alone or in cooperation with an associated
12 entity, to purchase the facility in which the tenants live in order to have greater control over the
13 costs and environment of their housing. The Legislative Assembly also finds that current market
14 conditions place tenants at a disadvantage with other potential investors in the purchase of facili-
15 ties.

16 (2) It is the policy of the State of Oregon to encourage facility tenants to participate in the
17 housing marketplace by ensuring that technical assistance, financing opportunities, notice of sale
18 of facilities and the option to purchase facilities are made available to tenants who choose to par-
19 ticipate in the purchase of a facility.

20 (3) The purpose of ORS 90.800 to 90.850, [308.905,] 456.579 and 456.581 is to strengthen the pri-
21 vate housing market in Oregon by encouraging all Oregonians to have the ability to participate in
22 the purchase of housing of their choice.

23 **NOTE:** Deletes reference to repealed statute in (3). See section 9 (repealing ORS 308.905).

SECTION 2. ORS 275.275 is amended to read:

24 275.275. (1)(a) The proceeds arising under ORS 275.090 to 275.290 and 275.296 to 275.310 must
25 be applied:

26
27 (A) First, to refund the county general fund for the full amount advanced by the county to pay
28 the state tax upon all properties upon which the county has foreclosed liens for delinquent taxes;

29 (B) Second, to the county general fund in an amount equal to the penalty and fee described in
30 ORS 312.120 for each property upon which the county has foreclosed a lien for delinquent taxes; and

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 (C) Third, to refund the county general fund for all the costs and expenses incurred by the
2 county in the maintenance and supervision of the properties and in any suits or proceedings by the
3 county to quiet title to or to defend the county's title to property sold, including suits or land use
4 proceedings to ascertain and determine the actual boundaries of the properties.

5 (b) The proceeds applied as refunds under paragraph (a)(A) and (C) of this subsection may not
6 amount to more than the tax actually paid and the costs and expenses actually incurred by the
7 county.

8 (c) Except as provided in paragraph (d) of this subsection, after the refunds authorized under
9 paragraph (a) of this subsection are made, the county treasurer shall credit to the county general
10 fund proceeds arising under ORS 275.090 to 275.290 and 275.296 to 275.310 from the sale of real
11 property acquired by the county in a manner other than by foreclosure of delinquent tax liens or
12 by exchange for land originally acquired by foreclosure of delinquent tax liens. The proceeds de-
13 scribed in this paragraph include payments for the real property sold under a purchase agreement
14 pursuant to ORS 275.190 or 275.200.

15 (d) In a county with a population of 650,000 or more, after the refunds authorized under para-
16 graph (a) of this subsection are made, the county treasurer shall credit:

17 (A) The proceeds arising under ORS 275.090 from the sale of real property acquired by foreclo-
18 sure of delinquent tax liens or by exchange for land originally acquired by foreclosure of delinquent
19 tax liens to an account or fund, created in the discretion of the county treasurer in or outside the
20 county general fund, for use under ORS 271.330 to provide:

21 (i) Funds for housing placement and retention support services for youth and families with
22 children;

23 (ii) Flexible rental assistance to place youth and families with children into housing; or

24 (iii) Funds to develop new low income housing that is affordable to youth and families with
25 children with 30 percent or lower median family income.

26 (B) Except as described in subparagraph (A) of this paragraph, the proceeds arising under ORS
27 275.090 to 275.290 and 275.296 to 275.310 from the sale of real property acquired by the county in
28 any manner, including payments for the real property sold under a purchase agreement pursuant to
29 ORS 275.190 or 275.200, to the county general fund.

30 (2) The proceeds arising under ORS 275.294:

31 (a) Must be credited to the county general fund by the county treasurer, if received from a lease
32 or conveyance granting rights to explore, prospect for or remove biogas that is produced by de-
33 composition of solid waste at any land disposal site or former land disposal site owned by the
34 county. As used in this paragraph, "land disposal site" has the meaning given that term in ORS
35 459.005.

36 (b) Must be segregated from the portion of the proceeds described in paragraph (a) of this sub-
37 section and deposited in a separate account maintained by the county. Interest earned on the seg-
38 regated portion of the proceeds must be credited to the account established under this paragraph.

39 (c) May be used, in an amount that does not exceed 10 percent of the proceeds, to reimburse a
40 taxing district within the county for costs and expenses necessarily incurred by the district in pro-
41 viding improved, additional or extraordinary services required on lands in the county as a result of
42 exploration, drilling, mining, logging or other activities authorized under a lease or conveyance un-
43 der ORS 275.294. As used in this paragraph, "improved, additional or extraordinary services" in-
44 cludes, but is not limited to, fire protection and road construction and maintenance.

45 (d) May be used to reimburse the county for its actual costs and expenses incurred under this

1 subsection and under ORS 275.294 for:

2 (A) The maintenance and supervision of a lease or conveyance granting rights to explore, pros-
3 pect for, mine or remove valuable minerals, oil or gas from the lands;

4 (B) The maintenance and supervision of a lease or conveyance granting rights to conduct
5 underground storage, as defined in ORS 520.005; and

6 (C) Litigation resulting from a lease or conveyance described in subparagraph (A) or (B) of this
7 paragraph.

8 (3)(a) After a portion of the proceeds arising under ORS 275.090 to 275.290 and 275.296 to 275.310
9 and a portion of the proceeds arising under ORS 275.294 are applied as provided in subsections (1)
10 and (2) of this section, the balance of the proceeds arising under ORS 275.090 to 275.290 and 275.296
11 to 275.310 and the balance of the proceeds arising under ORS 275.294, including the payments for
12 land sold under contract pursuant to ORS 275.190 or 275.200, must be distributed by the county
13 treasurer as follows:

14 (A) First, to a municipal corporation that has filed a notice, in accordance with ORS 275.130,
15 relating to a local improvement lien against the property from which the sale proceeds are derived.
16 The amount of the distribution to each municipal corporation must be in the principal amount of the
17 lien, plus the interest and any penalties that accrued to the date of sale of the property.

18 (B) Second, to governmental units in accordance with the formula provided in ORS 311.390 for
19 the distribution of tax collections. The amount distributed to governmental units must be the amount
20 remaining after the distribution, if any, under subparagraph (A) of this paragraph.

21 (b) Notwithstanding ORS 294.080, as used in this subsection, "balance of the proceeds" includes
22 all accumulated interest earned on the proceeds arising under ORS 275.294 that are segregated
23 pursuant to subsection (2)(b) of this section, unless a court of competent jurisdiction rules otherwise.

24 (4) Distribution of moneys under subsections (2) and (3) of this section must be made on or be-
25 fore June 30 in each year.

26 (5) The county treasurer or auditor shall verify the costs and expenses to be reimbursed under
27 subsection (2) of this section.

28 (6) The county treasurer shall distribute reimbursements under subsection (2) of this section in
29 accordance with an order of the governing body of the county.

30 (7) Notwithstanding subsection (1) of this section, a county with a population of 650,000 or more
31 may convey real property acquired by foreclosure of delinquent tax liens or by exchange for land
32 originally acquired by foreclosure of delinquent tax liens as provided in ORS 271.330 [or 311.796].

33 **NOTE:** Deletes reference to repealed statute in (7). See section 17 (repealing ORS 311.796).

34 **SECTION 3.** ORS 305.455 is amended to read:

35 305.455. (1) The judge of the tax court shall be a citizen of the United States and **a resident**
36 of this state, and shall have been admitted to practice in the Supreme Court of Oregon and have
37 been engaged in this state for at least three years preceding the election or appointment of the
38 judge of the tax court, either in active practice, governmental or private, as an attorney and coun-
39 selor at law or in the discharge of the duties of a judicial or quasi-judicial office.

40 (2) Notwithstanding the provision of any other law, the provisions of ORS 14.250 relating to the
41 disqualification of a judge for prejudice shall not be applicable to any judge serving regularly or
42 temporarily as a judge of the tax court.

43 **NOTE:** Clarifies eligibility requirement for judge of tax court in (1).

44 **SECTION 4.** ORS 305.487 is amended to read:

45 305.487. (1) The Legislative Assembly finds that:

1 (a) Industrial property that is appraised by the Department of Revenue under ORS 306.126 and
 2 property that is centrally assessed by the department under ORS 308.505 to 308.681 involve large
 3 amounts of property value and complex appraisal issues.

4 (b) Appeals of the value of state-appraised industrial property or centrally assessed property can
 5 have significant impact on the stable funding of essential local government services because of the
 6 fiscal consequences of substantial tax refunds.

7 (c) The *[citizens]* **people** of this state and the owners of state-appraised industrial property or
 8 centrally assessed property are best served by the efficient resolution of property tax appeals re-
 9 lated to these properties.

10 (2) The Legislative Assembly declares that it is the policy of this state to strongly encourage
 11 taxpayers, local governments, the department and the Oregon Tax Court to resolve appeals related
 12 to the value of state-appraised industrial property or centrally assessed property as quickly and ef-
 13 ficiently as possible, in order to reduce the financial impacts of lengthy appeal processes.

14 **NOTE:** Conforms language to standard legislative style in (1).

15 **SECTION 5.** ORS 305.695 is amended to read:

16 305.695. (1) There is created the Oregon Charitable Checkoff Commission, consisting of five
 17 voting members appointed by the Governor and, as nonvoting members, one Representative ap-
 18 pointed by the Speaker of the House of Representatives and one Senator appointed by the President
 19 of the Senate. *[One appointment of a voting member shall be]* **The Governor shall appoint one**
 20 **voting member** based on **the** recommendation of the Speaker *[of the House of Representatives]* and
 21 one *[appointment shall be made]* **voting member** based on **the** recommendation of the President *[of*
 22 *the Senate]*.

23 (2) The term of office of each voting member is four years, but a member serves at the pleasure
 24 of the Governor. The term of office of a nonvoting member is two years. Before the expiration of the
 25 term of a voting member, the Governor shall appoint a successor whose term begins on January 1
 26 next following. A member is eligible for reappointment. If there is a vacancy in the voting member-
 27 ship for any cause, the Governor shall make an appointment to become immediately effective for the
 28 unexpired term. The Speaker and President, respectively, shall make *[any]* **an** appointment to fill a
 29 vacancy in the nonvoting membership.

30 (3) Individuals appointed members of the commission *[shall be citizens]* **must be residents** of
 31 Oregon well qualified by experience to make policy and recommendations in areas of concern to the
 32 commission and otherwise to perform the duties of the office. Members of the commission *[shall]*
 33 **must** be diversified in their charitable interests. At the time of appointment, the voting members
 34 *[shall]* **may** not have any direct or indirect financial interest in any checkoff proposal currently in
 35 law or under consideration by the commission. If a conflict arises after a member's appointment, the
 36 member shall declare the conflict and abstain from deliberations and voting on the proposal.

37 (4) A voting member of the commission is entitled to compensation and expenses as provided in
 38 ORS 292.495. The nonvoting legislative members *[shall be]* **are** entitled to compensation and ex-
 39 penses under ORS 171.072.

40 **NOTE:** Clarifies eligibility requirement for member of commission in (3) and improves syntax
 41 throughout.

42 **SECTION 6. ORS 307.111 is repealed.**

43 **NOTE:** Repeals obsolete statute.

44 **SECTION 7.** ORS 307.270 is amended to read:

45 307.270. (1) The exemption under ORS 307.250 *[shall apply]* **applies** to property *[any such]* **a**

1 veteran or surviving spouse [*may own, or have*] **owns or has** in possession under a recorded con-
 2 tract of purchase[, *on January 1 of the year in which the exemption is claimed*]. The exemption
 3 [*shall*] first [*apply*] **applies** to the homestead of the veteran or surviving spouse and then to the
 4 personal property of the veteran or surviving spouse. Property of the spouse of [*any such*] **the** vet-
 5 eran **is deemed the homestead of the veteran if the veteran and the spouse of the veteran**
 6 [*where they*] are living together and occupying the [*same*] **property** as their homestead [*shall be*
 7 *deemed the homestead of the veteran*]. When [*any such*] **a** veteran or surviving spouse applies for
 8 exemption on properties in two or more counties, the total amount of the exemption allowed in all
 9 [*such*] counties [*shall*] **may** not exceed the maximum amount of exemption under ORS 307.250.

10 (2) For each qualified veteran or surviving spouse only one valid and allowable claim for an
 11 exemption on a homestead shall be permitted in any one assessment year.

12 **NOTE:** Eliminates erroneous date reference and improves syntax in (1).

13 **SECTION 8.** ORS 307.600 is amended to read:

14 307.600. (1) The Legislative Assembly finds that it is in the public interest to stimulate the
 15 construction of transit supportive multiple-unit housing in the core areas of Oregon's urban centers
 16 to improve the balance between the residential and commercial nature of those areas, and to ensure
 17 full-time use of the areas as places where [*citizens*] **residents** of the community have an opportunity
 18 to live as well as **to** work.

19 (2) The Legislative Assembly further finds that it is in the public interest to promote private
 20 investment in transit supportive multiple-unit housing in light rail station areas and transit oriented
 21 areas in order to maximize Oregon's transit investment to the fullest extent possible and that the
 22 cities and counties of this state should be enabled to establish and design programs to attract new
 23 development of multiple-unit housing, and commercial and retail property, in areas located within
 24 a light rail station area or transit oriented area.

25 (3) The Legislative Assembly further finds that the cities and counties of this state should be
 26 enabled to establish and design programs to attract new development of multiple-unit housing in
 27 light rail station areas, in transit oriented areas or in city core areas by means of the local property
 28 tax exemption authorized under ORS 307.600 to 307.637. The programs shall emphasize the following:

29 (a) The development of vacant or underutilized sites in light rail station areas, transit oriented
 30 areas or core areas, rather than sites where sound or rehabilitable multiple-unit housing exists.

31 (b) The development of multiple-unit housing, with or without parking, in structures that may
 32 include ground level commercial space.

33 (c) The development of multiple-unit housing, with or without parking, on sites with existing
 34 single-story commercial structures.

35 (d) The development of multiple-unit housing, with or without parking, on existing surface
 36 parking lots.

37 (4) The Legislative Assembly further finds that it is in the public interest to preserve or estab-
 38 lish existing housing that is affordable to low income persons by providing the incentives authorized
 39 in ORS 307.600 to 307.637 to:

40 (a) Existing multiple-unit housing subject to a low income housing assistance contract with an
 41 agency or subdivision of this state or the United States; and

42 (b) Existing multiple-unit housing that becomes subject to a low income housing assistance
 43 contract with an agency or subdivision of this state or the United States in order to use the incen-
 44 tives authorized in ORS 307.600 to 307.637.

45 (5) The programs shall result in the preservation, construction, addition or conversion of units

1 at rental rates or sale prices accessible to a broad range of the general public.

2 **NOTE:** Conforms language to standard legislative style and improves grammar in (1).

3 **SECTION 9. ORS 308.020, 308.341, 308.343 and 308.905 are repealed.**

4 **NOTE:** Repeals obsolete statutes.

5 **SECTION 10.** ORS 308A.050 is amended to read:

6 308A.050. The Legislative Assembly recognizes that agriculture and related land uses contribute
7 significantly to Oregon's character and economy. The Legislative Assembly finds that providing the
8 means for agriculture to continue and prosper is in the interest of all [*citizens*] **residents** of this
9 state, who benefit directly or indirectly from agricultural production and stewardship of farmlands
10 and ranchlands. Valuation of farm properties based upon market data from sales for investment or
11 other purposes not connected with bona fide farm use encourages the conversion of agricultural land
12 to other uses. The identification of agricultural land for farm use, as provided by law, substantially
13 limits alternative uses of such land and justifies the valuation of that land based on its agricultural
14 production capability. Therefore, it is the declared intent of the Legislative Assembly that bona fide
15 farm properties be assessed for ad valorem property tax purposes at a value that is exclusive of
16 values attributable to urban influences or speculative purposes.

17 **NOTE:** Conforms language to standard legislative style.

18 **SECTION 11.** ORS 308A.303 is amended to read:

19 308A.303. The [*legislature hereby*] **Legislative Assembly** declares that it is in the best interest
20 of [*the*] **this** state to maintain, preserve, conserve and otherwise continue in existence adequate open
21 space lands and [*the*] **their** vegetation [*thereon*] to assure continued public health by counteracting
22 pollutants and to assure the use and enjoyment of natural resources and scenic beauty for the eco-
23 nomic and social well-being of [*the*] **this** state and its [*citizens*] **people**. The [*legislature*] **Legislative**
24 **Assembly** further declares that it is in the public interest to prevent the forced conversion of open
25 space [*land*] **lands** to more intensive uses as the result of economic pressures caused by the as-
26 sessment [*thereof*] **of those lands** for purposes of property taxation at values incompatible with their
27 preservation as [*such*] open space [*land*] **lands**, [*and*] that assessment practices must be [*so*] designed
28 [*as*] to permit the continued availability of open space lands for these purposes[,] and **that** it is the
29 intent of ORS 308A.300 to 308A.330 to so provide.

30 **NOTE:** Conforms language to standard legislative style and updates terminology and syntax.

31 **SECTION 12.** ORS 308A.353 is amended to read:

32 308A.353. The Legislative Assembly declares that it is in the best interest of [*the*] **this** state to
33 maintain, preserve, conserve and rehabilitate riparian lands to assure the protection of the soil,
34 water, fish and wildlife resources of [*the*] **this** state for the economic and social well-being of [*the*]
35 **this** state and its [*citizens*] **people**. The Legislative Assembly declares that riparian habitat main-
36 tained in a healthy condition is a legitimate land use that contributes to erosion control, improved
37 water quality and prolonged streamflow. The Legislative Assembly further declares that it is in the
38 public interest to prevent the forced conversion of riparian environments to more intensive uses as
39 a result of economic pressures caused by the assessment of those lands for purposes of property
40 taxation at values incompatible with their protection as riparian lands and that tax exemption must
41 be granted to permit the continued availability of riparian environments for these purposes, and it
42 is the intent of ORS 308A.350 to 308A.383 to so provide.

43 **NOTE:** Conforms language to standard legislative style.

44 **SECTION 13.** ORS 311.070 is amended to read:

45 311.070. Upon the designation of someone[,] other than the sheriff as tax collector of a county,

1 all the duties, functions and powers of the sheriff of the county acting as the tax collector and with
2 respect to the collection of taxes [*shall be*] **are** transferred to the tax collector.

3 **NOTE:** Removes extraneous punctuation and improves syntax.

4 **SECTION 14. ORS 311.160 is repealed.**

5 **NOTE:** Repeals obsolete statute.

6 **SECTION 15.** ORS 311.232 is amended to read:

7 311.232. If any officer described in ORS 311.216 to 311.232 fails to comply with ORS 311.216 to
8 311.232 on the discovery by the officer, or on credible information being furnished by another per-
9 son, that property has been omitted from taxation, the state, on the relation of any state officer or
10 of any taxpayer of the county in which the failure occurs, may proceed against the officer in any
11 court of competent jurisdiction by mandamus to compel the officer to comply with ORS 311.216 to
12 311.232. In the trial of the suit the question of what constitutes credible information is a question
13 of fact to be determined by the court trying the case in the same manner other issues of fact are
14 determined. If judgment is rendered that credible information has been discovered by or furnished
15 to the officer, or that the officer has reason to believe that property has been omitted from taxation,
16 the officer shall forthwith place the omitted property on the assessment and tax roll in accordance
17 with ORS 311.216 to 311.232. If judgment is rendered against the officer, the officer shall be liable
18 for all costs of the mandamus suit, and for a reasonable attorney fee at trial and on appeal for
19 relator's attorney, which shall be taxed as a part of the costs of the suit. If proceedings are insti-
20 tuted under this section on the relation of any private [*citizen*] **individual**, the relator shall give
21 bond to the satisfaction of the court to pay all costs [*which*] **that** may be recovered against the
22 relator.

23 **NOTE:** Conforms language to standard legislative style.

24 **SECTION 16.** ORS 311.666, as amended by section 16, chapter 33, Oregon Laws 2016, is
25 amended to read:

26 311.666. As used in ORS 311.666 to 311.701:

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

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

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

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

- 1 (a) There shall be added to adjusted gross income the following items of otherwise exempt in-
2 come:
- 3 (A) The gross amount of any otherwise exempt pension less return of investment, if any.
 - 4 (B) Child support received by the taxpayer.
 - 5 (C) Inheritances.
 - 6 (D) Gifts and grants, the sum of which are in excess of \$500 per year.
 - 7 (E) Amounts received by a taxpayer or spouse of a taxpayer for support from a parent who is
8 not a member of the taxpayer's household.
 - 9 (F) Life insurance proceeds.
 - 10 (G) Accident and health insurance proceeds, except reimbursement of incurred medical expenses.
 - 11 (H) Personal injury damages.
 - 12 (I) Sick pay that is not included in federal adjusted gross income.
 - 13 (J) Strike benefits excluded from federal gross income.
 - 14 (K) Worker's compensation, except for reimbursement of medical expense.
 - 15 (L) Military pay and benefits.
 - 16 (M) Veteran's benefits.
 - 17 (N) Payments received under the federal Social Security Act that are excluded from federal
18 gross income.
 - 19 (O) 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 (P) Nontaxable dividends.
 - 26 (Q) Nontaxable interest not included in federal adjusted gross income.
 - 27 (R) Rental allowance paid to a minister that is excluded from federal gross income.
 - 28 (S) 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 deductions:
- 30 (A) The amount of the net loss, in excess of \$1,000, from all dispositions of tangible or intangible
31 properties.
 - 32 (B) The amount of the net loss, in excess of \$1,000, from the operation of a farm or farms.
 - 33 (C) The amount of the net loss, in excess of \$1,000, from all operations of a trade or business,
34 profession or other activity entered into for the production or collection of income.
 - 35 (D) The amount of the net loss, in excess of \$1,000, from tangible or intangible property held for
36 the production of rents, royalties or other income.
 - 37 (E) The amount of any net operating loss carryovers or carrybacks included in federal adjusted
38 gross income.
 - 39 (F) The amount, in excess of \$5,000, of the combined deductions or other allowances for depre-
40 ciation, amortization or depletion.
 - 41 (G) The amount added or subtracted, as required within the context of this section, for adjust-
42 ments made under ORS 316.680 (2)(d) and 316.707 to 316.737.
- 43 (c) "Income" does not include *[any of]* the following:
- 44 (A) Any governmental grant that must be used by the taxpayer for rehabilitation of the home-
45 stead of the taxpayer.

1 *[(B) The amount of any payments made pursuant to ORS 310.630 to 310.706.]*

2 *[(C)]* (B) Any refund of Oregon personal income taxes that were imposed under ORS chapter 316.

3 (5)(a) “Net worth” means the sum of the current market value of all assets, including real
4 property, cash, savings accounts, bonds and other investments, after deducting outstanding liabilities.
5

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

9 (6) “Person with a disability” means an individual who has been determined to be eligible to
10 receive or who is receiving federal Social Security benefits due to disability or blindness, including
11 an individual who is receiving Social Security survivor benefits in lieu of Social Security benefits
12 due to disability or blindness.

13 (7) “Tax-deferred property” means the property upon which taxes are deferred under ORS
14 311.666 to 311.701.

15 (8) “Taxes” or “property taxes” means ad valorem taxes, assessments, fees and charges entered
16 on the assessment and tax roll.

17 (9) “Taxpayer” means an individual who has filed, as an individual or jointly, a claim for deferral
18 under ORS 311.666 to 311.701.

19 (10)(a) “Transferee” means, without limitation, an heir, legatee, devisee, distributee of an estate
20 of a deceased individual, the assignee or donee of an insolvent individual or a person acting in a
21 fiduciary capacity on behalf of a transferee.

22 (b) “Transferee” does not mean a bona fide purchaser for value.

23 (11) “U.S. City Average Consumer Price Index” means the U.S. City Average Consumer Price
24 Index for All Urban Consumers (All Items) as published by the Bureau of Labor Statistics of the
25 United States Department of Labor.

26 **NOTE:** Improves syntax and deletes reference to repealed statutes in (4) (see sections 1 to 3 and
27 29, chapter 348, Oregon Laws 2015).

28 **SECTION 17. ORS 311.796 is repealed.**

29 **NOTE:** Repeals obsolete statute.

30 **SECTION 18.** ORS 311.807 is amended to read:

31 311.807. (1) The county treasurer may maintain an account designated as the refund reserve
32 account. The refund reserve account shall consist of the funds deposited by the treasurer under
33 subsection (2) of this section *[and any funds deposited under ORS 311.160]*, plus interest earned
34 thereon.

35 (2)(a) Each year, the treasurer may deposit in the refund reserve account, from the unsegregated
36 tax collections account, an amount equal to 100 percent of the anticipated annual refunds for the
37 county.

38 (b) Any deposit into the refund reserve account from taxes collected in November shall not exceed
39 two-thirds of the total anticipated annual refunds for the county.

40 (3) The moneys in the refund reserve account shall first be used to pay refunds determined to
41 be due under ORS 311.806.

42 (4) If the moneys in the refund reserve account are insufficient to pay refunds at any time, re-
43 funds shall be made out of the unsegregated tax collections account. If funds are not available in
44 either the refund reserve account or the unsegregated tax collections account, the county governing
45 body may delay payment of the refunds until *[such time as]* sufficient funds are available.

1 (5) If, at the end of the fiscal year, the balance in the refund reserve account exceeds the
2 amount necessary to pay estimated refunds, the treasurer shall distribute the excess to the unseg-
3 regated tax collections account.

4 (6) The Department of Revenue shall provide by rule the method to be used to calculate antic-
5 ipated annual refunds for the county.

6 **NOTE:** Deletes reference to repealed statute in (1). See section 14 (repealing ORS 311.160). Im-
7 proves syntax in (4).

8 **SECTION 19.** ORS 312.050 is amended to read:

9 312.050. (1) On the day [*which*] **that** is three months after the day of delinquency of taxes of the
10 latest year, the tax collector, with the assistance of the district attorney, shall institute proceedings
11 to foreclose the liens for all the delinquent taxes against each of the several properties included in
12 the foreclosure list.

13 (2) One general proceeding shall be brought on the part of the county to foreclose the tax liens
14 against each of the properties included in the foreclosure list. The person whose name appears in
15 the latest tax roll as the owner of any property [*therein*] described **in the latest tax roll** shall be
16 considered and treated as the owner of the property. Each [*such*] proceeding shall be a proceeding
17 in rem against the property itself. If in any tax roll it appears that the owner of any property is
18 unknown, or that the name of the owner is exempt from disclosure under ORS [*191.501*] **192.501**, then
19 the property shall be proceeded against as **property** belonging to an unknown owner.

20 **NOTE:** Corrects typographical error in (2) and improves syntax throughout.

21 **SECTION 20.** ORS 315.208 is amended to read:

22 315.208. (1) A credit against the taxes otherwise due under ORS chapter 316 (or, if the taxpayer
23 is a corporation that is an employer, under ORS chapter 317 or 318) is allowed to an employer, based
24 upon costs actually paid or incurred by the employer, to acquire, construct, reconstruct, renovate
25 or otherwise improve real property so that the property may be used primarily as a dependent care
26 facility.

27 (2) The credit allowed under this section shall be the [*lesser*] **least** of:

28 (a) \$2,500 multiplied by the number of full-time equivalent employees employed by the employer
29 (on the property or within such proximity to the property that any dependents of the employees may
30 be cared for in the facility) on any date within the two years immediately preceding the end of the
31 first tax year for which credit is first claimed;

32 (b) Fifty percent of the cost of the acquisition, construction, reconstruction, renovation or other
33 improvement; or

34 (c) \$100,000.

35 (3) To qualify for the credit allowed under subsection (1) of this section:

36 (a) The amounts paid or incurred by the employer for the acquisition, construction, recon-
37 struction, renovation or other improvement to real property may be paid or incurred either:

38 (A) To another to be used to acquire, construct, reconstruct, renovate or otherwise improve real
39 property to the end that it may be used as a dependent care facility with which the employer con-
40 tracts to make dependent care assistance payments which payments are wholly or partially entitled
41 to exclusion from income of the employee for federal tax purposes under section 129 of the Internal
42 Revenue Code; or

43 (B) To acquire, construct, reconstruct, renovate or otherwise improve real property to the end
44 that it may be operated by the employer, or a combination of employers, to provide dependent care
45 assistance to the employees of the employer under a program or programs under which the assist-

1 ance is, under section 129 of the Internal Revenue Code, wholly or partially excluded from the in-
2 come of the employee.

3 (b) The property must be in actual use as a dependent care facility on the last day of the tax
4 year for which credit is claimed and dependent care services assisted by the employer must take
5 place on the acquired, constructed, reconstructed, renovated or improved property and must be en-
6 titled to an exclusion (whole or partial) from the income of the employee for federal tax purposes
7 under section 129 of the Internal Revenue Code on the last day of the tax year for which credit is
8 claimed.

9 (c) The person or persons operating the dependent care facility on the property acquired, con-
10 structed, reconstructed, renovated or improved must hold a certification (temporary or not) issued
11 under ORS 329A.030 and 329A.250 to 329A.450 by the Office of Child Care to operate the facility
12 on the property on the last day of the tax year of any tax year in which credit under this section
13 is claimed.

14 (d) The dependent care facility acquired, constructed, reconstructed, renovated or otherwise
15 improved must be located in Oregon. No credit shall be allowed under this section if the dependent
16 care facility is not acquired, constructed, reconstructed, renovated or improved to accommodate six
17 or more children.

18 (e) The employer must meet any other requirements or furnish any information, including in-
19 formation furnished by the employees or person operating the dependent care facility, to the De-
20 partment of Revenue that the department requires under its rules to carry out the purposes of this
21 section.

22 (f) The dependent care facility, the costs of the acquisition, construction, reconstruction, reno-
23 vation or improvement upon which the credit granted under this section is based, must be placed
24 in operation before January 1, 2002.

25 (4) The total amount of the costs upon which the credit allowable under this section is based,
26 and the total amount of the credit, shall be determined by the employer, subject to any rules adopted
27 by the department, during the tax year in which the property acquired, constructed, reconstructed,
28 renovated or otherwise improved is first placed in operation as a dependent care facility certified
29 by the Office of Child Care under ORS 329A.030 and 329A.250 to 329A.450. One-tenth of the total
30 credit is allowable in that tax year and one-tenth of the total credit is allowable in each succeeding
31 tax year, not to exceed nine tax years, thereafter. No credit shall be allowed under this section for
32 any tax year at the end of which the dependent care facility is not in actual operation under a
33 current certification (temporary or not) issued by the Office of Child Care nor shall any credit be
34 allowed for any tax year at the end of which the employer is not providing dependent care assist-
35 ance entitled to exclusion (whole or partial) from employee income for federal tax purposes under
36 section 129 of the Internal Revenue Code for dependent care on the property. Any tax credit al-
37 lowable under this section in a tax year may be carried forward in the same manner and to the same
38 tax years as if it were a tax credit described in ORS 315.204.

39 (5) Nothing in this section shall affect the computation of depreciation or basis of a dependent
40 care facility. If a deduction is allowed for purposes of ORS chapter 316, 317 or 318 for the amounts
41 paid or incurred upon which the credit under this section is based, the deduction shall be reduced
42 by the dollar amount of the credit granted under this section.

43 (6) For purposes of the credit allowed under this section:

44 (a) The definitions and special rules contained in section 129(e) of the Internal Revenue Code
45 shall apply to the extent applicable.

1 (b) "Employer" means a resident, part-year resident or full-year nonresident employer carrying
2 on a business, trade, occupation or profession in this state.

3 (7) The department shall require that evidence that the person operating the dependent care
4 facility on the date that the taxpayer's tax year ends holds a current certification (temporary or
5 otherwise) to operate the facility accompany the tax return on which any amount of tax credit
6 granted under this section is claimed, or that such evidence be separately furnished. If the evidence
7 is not so furnished, no credit shall be allowed for the tax year for which the evidence is not fur-
8 nished. The Office of Child Care shall cooperate by making such evidence, in an appropriate form,
9 available to the person operating the facility, if the person is currently certified (temporary or not)
10 so that, if necessary, it may be made available to the taxpayer.

11 **NOTE:** Improves grammar in (2).

12 **SECTION 21.** ORS 315.272 is amended to read:

13 315.272. (1) An individual taxpayer shall be allowed a credit against the taxes that are otherwise
14 due under ORS chapter 316 if, during the tax year:

15 (a) The taxpayer purchased a primary residence;

16 (b) All or a part of the usual and reasonable settlement, financing or other closing costs for the
17 purchase were funded from a withdrawal from an individual development account in which the tax-
18 payer is the account holder; and

19 (c) An approved purpose of the account is the purpose described in ORS 458.685 (1)(d).

20 (2) The amount of the tax credit shall be the [lesser] **least** of:

21 (a) The amount of the withdrawal from the individual development account that is for the pur-
22 pose described in ORS 458.685 (1)(d);

23 (b) The amount of usual and reasonable settlement, financing and other closing costs incurred
24 in the purchase of the primary residence;

25 (c) \$2,000; or

26 (d) The tax liability of the taxpayer.

27 (3) A tax credit allowed under this section that is unused may not be carried forward to a suc-
28 ceeding tax year.

29 (4) A tax credit under this section may be claimed by a nonresident or a part-year resident
30 without proration.

31 (5) The definitions in ORS 458.670 apply to this section.

32 **NOTE:** Improves grammar in (2).

33 **SECTION 22.** ORS 316.003 is amended to read:

34 316.003. (1) The goals of the Legislative Assembly are to achieve for [Oregon's citizens] **the**
35 **people of this state** a tax system [which] **that** recognizes:

36 (a) Fairness and equity as its basic values; and

37 (b) That the total tax system should use seven guiding principles as measures by which to
38 evaluate tax proposals.

39 (2) Those guiding principles are:

40 (a) Ability to pay;

41 (b) Fairness;

42 (c) Efficiency;

43 (d) Even distribution;

44 (e) The tax system should be equitable where the minimum aspects of a fair system are:

45 (A) That it shields genuine subsistence income from taxation;

1 (B) That it is not regressive; and

2 (C) That it imposes approximately the same tax burden on all households earning the same in-
3 come;

4 (f) Adequacy; and

5 (g) Flexibility.

6 (3) To meet those goals of Oregon's tax system, any tax must be considered in conjunction with
7 the effects of all other taxes on Oregonians.

8 **NOTE:** Conforms language to standard legislative style in (1).

9 **SECTION 23.** ORS 316.147, as amended by section 21, chapter 33, Oregon Laws 2016, is
10 amended to read:

11 316.147. As used in ORS 316.147 to 316.149, unless the context requires otherwise:

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

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

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

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

23 (3) "Income" means "adjusted gross income" as defined in the federal Internal Revenue Code,
24 as amended and in effect on December 31, 2015, even when the amendments take effect or become
25 operative after that date, relating to the measurement of taxable income of individuals, estates and
26 trusts, with the following modifications:

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

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

30 (B) Child support received by the taxpayer.

31 (C) Inheritances.

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

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

35 (F) Life insurance proceeds.

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

37 (H) Personal injury damages.

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

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

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

41 (L) Military pay and benefits.

42 (M) Veteran's benefits.

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

45 (O) Welfare payments, except as follows:

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

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

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

6 (P) Nontaxable dividends.

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

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

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

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

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

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

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

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

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

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

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

24 (c) "Income" does not include *[any of]* the following:

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

27 *[(B) The amount of any payments made pursuant to ORS 310.630 to 310.706.]*

28 *[(C)]* (B) Any refund of Oregon personal income taxes that were imposed under this chapter.

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

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

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

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

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

37 **NOTE:** Improves syntax and deletes reference to repealed statutes in (3) (see sections 1 to 3 and
38 29, chapter 348, Oregon Laws 2015).

39 **SECTION 24.** ORS 316.157, as amended by section 22, chapter 33, Oregon Laws 2016, is
40 amended to read:

41 316.157. (1) In the case of an eligible individual, there shall be allowed as a credit against the
42 taxes otherwise due under this chapter for the taxable year an amount equal to the lesser of the tax
43 liability of the taxpayer or nine percent of net pension income.

44 (2) For purposes of this section:

45 (a) "Eligible individual" means any individual who is receiving pension income and who has at-

1 tained *[the following]* **62 years of** age before the close of the taxable year[.].

2 [(A) For taxable years beginning on or after January 1, 1991, and before January 1, 1993, the in-
3 dividual must attain 58 years of age before the close of the taxable year.]

4 [(B) For taxable years beginning on or after January 1, 1993, and before January 1, 1995, the in-
5 dividual must attain 59 years of age before the close of the taxable year.]

6 [(C) For taxable years beginning on or after January 1, 1995, and before January 1, 1997, the in-
7 dividual must attain 60 years of age before the close of the taxable year.]

8 [(D) For taxable years beginning on or after January 1, 1997, and before January 1, 1999, the in-
9 dividual must attain 61 years of age before the close of the taxable year.]

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

12 (b) “Household income” means the aggregate income of the taxpayer and the spouse of the tax-
13 payer who reside in the household, that was received during the taxable year for which a credit is
14 claimed, except that “household income” does not include Social Security benefits received by the
15 taxpayer or the spouse of the taxpayer.

16 (c) “Income” means “adjusted gross income” as defined in the federal Internal Revenue Code,
17 as amended and in effect on December 31, 2015, even when the amendments take effect or become
18 operative after that date, relating to the measurement of taxable income of individuals, estates and
19 trusts, with the following modifications:

20 (A) There shall be added to adjusted gross income the following items of otherwise exempt in-
21 come:

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

23 (ii) Child support received by the taxpayer.

24 (iii) Inheritances.

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

26 (v) Amounts received by a taxpayer or spouse of a taxpayer for support from a parent who is
27 not a member of the taxpayer’s household.

28 (vi) Life insurance proceeds.

29 (vii) Accident and health insurance proceeds, except reimbursement of incurred medical ex-
30 penses.

31 (viii) Personal injury damages.

32 (ix) Sick pay that is not included in federal adjusted gross income.

33 (x) Strike benefits excluded from federal gross income.

34 (xi) Worker’s compensation, except for reimbursement of medical expense.

35 (xii) Military pay and benefits.

36 (xiii) Veteran’s benefits.

37 (xiv) Payments received under the federal Social Security Act that are excluded from federal
38 gross income.

39 (xv) Welfare payments, except as follows:

40 (I) Payments for medical care, drugs and medical supplies, if the payments are not made directly
41 to the welfare recipient;

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

43 (III) Direct or indirect reimbursement of expenses paid or incurred for participation in work or
44 training programs.

45 (xvi) Nontaxable dividends.

- 1 (xvii) Nontaxable interest not included in federal adjusted gross income.
- 2 (xviii) Rental allowance paid to a minister that is excluded from federal gross income.
- 3 (xix) Income from sources without the United States that is excluded from federal gross income.
- 4 (B) Adjusted gross income shall be increased due to the disallowance of the following de-
- 5 ductions:
- 6 (i) The amount of the net loss, in excess of \$1,000, from all dispositions of tangible or intangible
- 7 properties.
- 8 (ii) The amount of the net loss, in excess of \$1,000, from the operation of a farm or farms.
- 9 (iii) The amount of the net loss, in excess of \$1,000, from all operations of a trade or business,
- 10 profession or other activity entered into for the production or collection of income.
- 11 (iv) The amount of the net loss, in excess of \$1,000, from tangible or intangible property held for
- 12 the production of rents, royalties or other income.
- 13 (v) The amount of any net operating loss carryovers or carrybacks included in federal adjusted
- 14 gross income.
- 15 (vi) The amount, in excess of \$5,000, of the combined deductions or other allowances for depre-
- 16 ciation, amortization or depletion.
- 17 (vii) The amount added or subtracted, as required within the context of this section, for adjust-
- 18 ments made under ORS 316.680 (2)(d) and 316.707 to 316.737.
- 19 (C) "Income" does not include *[any of]* the following:
- 20 (i) Any governmental grant that must be used by the taxpayer for rehabilitation of the home-
- 21 stead of the taxpayer.
- 22 *[(ii) The amount of any payments made pursuant to ORS 310.630 to 310.706.]*
- 23 *[(iii)]* (ii) Any refund of Oregon personal income taxes that were imposed under this chapter.
- 24 (d) "Net pension income" means:
- 25 (A) For eligible individuals filing a joint return, the lesser of the pension income of the eligible
- 26 individuals received during the taxable year or the excess, if any, of \$15,000 over the sum of the
- 27 following amounts:
- 28 (i) Any Social Security benefits received by the eligible individual, or by the spouse of the in-
- 29 dividual, during the taxable year; and
- 30 (ii) The excess, if any, of household income over \$30,000.
- 31 (B) For an eligible individual filing a return other than a joint return, the lesser of the pension
- 32 income of the eligible individual received during the taxable year or the excess, if any, of \$7,500
- 33 over the sum of the following amounts:
- 34 (i) Any Social Security benefits received by the eligible individual during the taxable year; and
- 35 (ii) The excess, if any, of household income over \$15,000.
- 36 (e) "Pension income" means income included in Oregon taxable income from:
- 37 (A) Distributions from or pursuant to an employee pension benefit plan, as defined in section
- 38 3(2) of the Employee Retirement Income Security Act of 1974, which satisfies the requirements of
- 39 section 401 of the Internal Revenue Code;
- 40 (B) Distributions from or pursuant to a public retirement system of this state or a political
- 41 subdivision of this state, or a public retirement system created by an Act of this state or a political
- 42 subdivision of this state, or the public retirement system of any other state or local government;
- 43 (C) Distributions from or pursuant to a federal retirement system created by the federal gov-
- 44 ernment for any officer or employee of the United States, including any person retired from service
- 45 in the United States Civil Service, the Armed Forces of the United States or any agency or subdi-

1 vision thereof;

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

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

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

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

11 (3) If a change in the taxable year of the eligible individual occurs as described in ORS 314.085,
12 or if the Department of Revenue terminates the tax year of the eligible individual under ORS
13 314.440, the credit allowed by this section shall be prorated or computed in a manner consistent with
14 ORS 314.085.

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

18 **NOTE:** Improves syntax and deletes outdated provisions and reference to repealed statutes in
19 (2) (see sections 1 to 3 and 29, chapter 348, Oregon Laws 2015).

20 **SECTION 25.** ORS 316.587 is amended to read:

21 316.587. (1) Except as provided in subsection (5) of this section, if an individual makes an
22 underpayment of estimated tax, interest shall accrue at the rate established under ORS 305.220 for
23 each month, or fraction thereof, on the amount underpaid for the period the estimated tax or any
24 installment remains unpaid. The penalty provisions contained in ORS chapter 314 for underpayment
25 of tax shall not apply to underpayments of estimated tax under ORS 316.557 to 316.589.

26 (2) For purposes of subsection (1) of this section, the amount of underpayment shall be the ex-
27 cess of the required installment over the amount (if any) of the installment paid on or before the
28 due date for the installment.

29 (3) The period of underpayment shall run from the date the installment was due to the earlier
30 of the following dates:

31 (a) The 15th day of the fourth month following the close of the taxable year; or

32 (b) With respect to any portion of the underpayment, the date on which the portion is paid.

33 (4) For purposes of subsection (3)(b) of this section, a payment of estimated tax shall be credited
34 against unpaid required installments in the order in which such installments are required to be paid.

35 (5)(a) Interest accruing under subsection (1) of this section shall not be imposed if the individual
36 was a resident of this state throughout the preceding taxable year and had no tax liability for that
37 year, and the preceding taxable year was a taxable year of 12 months.

38 (b) Interest accruing under subsection (1) of this section shall not be imposed with respect to
39 any underpayment of estimated tax to the extent that the Department of Revenue determines that
40 by reason of casualty, disaster or other unusual circumstances the imposition of interest would be
41 against equity and good conscience.

42 (c) Interest accruing under subsection (1) of this section shall not be imposed with respect to
43 any underpayment of estimated tax if the department determines that:

44 (A) In the tax year the estimated tax payment was required to be made or in the tax year pre-
45 ceding such tax year, the taxpayer (i) retired after having attained age 62 or (ii) became disabled;

1 and

2 (B) The underpayment was due to reasonable cause and not to willful neglect.

3 (d) Interest accruing under subsection (1) of this section shall not be imposed with respect to
4 any underpayment of estimated tax attributable to the pro rata share of a shareholder of the income
5 of an S corporation if:

6 (A) The income is taxable income for an initial year for which S corporation status is elected
7 for the corporation; and

8 (B) The shareholder is a nonresident or for the preceding taxable year was a part-year resident
9 for Oregon tax purposes.

10 (6) For purposes of this section, the estimated tax shall be computed without any reduction for
11 the amount of credit estimated to be allowed to the individual for the taxable year under ORS
12 316.187. The amount of the credit allowed under ORS 316.187 for the taxable year shall be consid-
13 ered a payment of estimated tax. An equal part of the credit shall be considered paid on each in-
14 stallment date for the taxable year, unless the taxpayer establishes the date on which all amounts
15 were actually withheld, in which case the amount so withheld shall be considered payment of esti-
16 mated tax on the dates on which the amounts were actually withheld.

17 (7) For purposes of subsections (5) and (8) of this section, the term “tax” means the tax imposed
18 by this chapter minus any credits against tax allowed for purposes of this chapter, other than the
19 credit against tax provided by ORS 316.187.

20 (8) For purposes of subsections (2) and (4) of this section, the term “required installment” means
21 the amount of the installment that would be due if the estimated tax were equal to the [*lesser*] **least**
22 of:

23 (a) Ninety percent of the tax shown on the return for the taxable year (or, if no return is filed,
24 90 percent of the tax for such year);

25 (b) If the preceding taxable year was a taxable year of 12 months, the percentage of the tax
26 shown on the return filed by the individual for the preceding taxable year that is established by the
27 Department of Revenue by rule; or

28 (c) Ninety percent of the tax for the taxable year computed by placing on an annualized basis
29 the taxable income for the months in the taxable year ending before the month in which the in-
30 stallment is required to be paid.

31 (9) For purposes of subsection (8) of this section:

32 (a) If an amended return is filed on or before the return due date (determined with regard to
33 any extension of time granted to the taxpayer), then the term “return” means the amended return.

34 (b) If during initial processing of the return the department adjusts the amount of tax due, then
35 the term “tax shown on the return” means the tax as adjusted by the department. This paragraph
36 shall not apply if it is ultimately determined that the adjustment was improper.

37 (c) The department shall consider the provisions of section 6654 of the Internal Revenue Code.

38 **NOTE:** Improves grammar in (8).

39 **SECTION 26.** ORS 321.259 is amended to read:

40 321.259. The Legislative Assembly finds that:

41 (1) Multiple taxation through a yearly ad valorem levy on both trees and forestland managed in
42 sustained yield timber operations discourages conservation, private ownership and investment of
43 capital.

44 (2) The interests of [*the*] **this** state, its [*citizens*] **residents** and **its** future [*citizens*] **residents**
45 are best served by sustained yield practices and taxing policies that encourage production of forest

1 resources for commerce, recreation and watersheds, stabilize employment levels, prevent large pop-
 2 ulation shifts and encourage millage of timber products within Oregon.

3 (3) Timber on private lands managed on a sustained yield basis should be treated as a crop and
 4 not taxed as real property.

5 (4) Forestland should be taxed based on the value of the forestland in timber production.

6 **NOTE:** Improves syntax and conforms language to standard legislative style in (2).

7 **SECTION 27.** ORS 321.262 is amended to read:

8 321.262. The purposes of ORS 321.257 to 321.390 are:

9 (1) To impose with respect to forestlands in western Oregon a special assessment program
 10 whereby the value of forestland is determined as prescribed in ORS 321.201 to 321.222.

11 (2) To establish a special assessment program as a means of:

12 (a) Recognizing the long-term nature of the forest crop and fostering the public policy of Oregon
 13 to encourage the growing and harvesting of timber.

14 (b) Protecting the public welfare by assuring that the [*citizens of the*] **people of this** state and
 15 future generations shall have the benefits to be derived from the continuous production of forest
 16 products from private forestlands.

17 (c) Promoting [*the*] **this** state's policy of encouraging forestry and the restocking of forestlands
 18 to provide present and future benefits by enhancing the water supply, preventing erosion, providing
 19 habitat for wildlife, providing scenic and recreational opportunities and providing for needed pro-
 20 ducts.

21 **NOTE:** Conforms language to standard legislative style in (2).

22 **SECTION 28.** ORS 321.703 is amended to read:

23 321.703. (1) The Legislative Assembly finds that:

24 (a) Oregon forests are dynamic ecosystems that make vital contributions to all Oregonians. En-
 25 vironmental benefits of forests include habitats for diverse life forms, clean and oxygenated air,
 26 clean, filtered and recycled water and stabilized productive soil. Economic benefits of forests in-
 27 clude renewable raw material for paper and wood products used by everyone in daily living. Social
 28 benefits of forests include scenic landscapes and vistas, open space, solitude and outdoor recreation.

29 (b) Healthy productive forests provide a sustainable flow of goods, services, values and products.

30 (c) Private family and nonindustrial forestlands are important parts of the forest resource base
 31 of this state. Private family and nonindustrial forestlands make major contributions to the economy
 32 of this state and provide many other social and environmental benefits.

33 (d) Because of the wide array of management goals and objectives that apply to private family
 34 and nonindustrial forestlands, these forestlands provide a great range of valuable forest diversity
 35 across the landscape of this state.

36 (e) Many lower gradient streams, which are key components of numerous watersheds and are
 37 extremely important for some aquatic species, flow through private family and nonindustrial
 38 forestlands.

39 (f) The interests of this state, its [*citizens*] **residents** and **its** future [*citizens*] **residents** are best
 40 served by sustainable forest practices and taxing policies that encourage maintaining and estab-
 41 lishing diverse forest resources for watersheds, commerce, recreation and stabilized employment
 42 levels. These practices and policies prevent shifts in population and encourage the processing of
 43 forest products within Oregon.

44 (g) Timber on private land that is managed on a sustainable basis should be treated as a crop
 45 and not taxed as real property.

1 (h) A tax imposed at the time of harvest coincides with the cash flow of small timber operations
2 and recognizes the hazards and uncertainties involved in growing a long-term timber crop on a
3 sustainable basis.

4 (2) The Legislative Assembly declares the purposes of the small tract forestland tax option
5 program established under ORS 321.700 to 321.754 are to:

6 (a) Impose property taxes on forestland values that are annually determined and adjusted as
7 described in ORS 321.201 to 321.222 and then specially assessed; and

8 (b) Impose a severance tax on the harvesting of timber from small tract forestland in order to:

9 (A) Recognize the long-term nature of the forest crop and foster the public policy of this state
10 to encourage the growing and harvesting of timber;

11 (B) Protect the public welfare by ensuring that the *[citizens]* **people** of this state and future
12 generations will have the benefits to be derived from the continuous production of forest products
13 from privately held small tract forestland;

14 (C) Promote the public policy of this state to encourage forestry and the restocking of
15 forestlands in order to provide present and future benefits, including but not limited to water supply
16 enhancement, erosion prevention, wildlife habitat, scenic and recreational opportunities and needed
17 forest products;

18 (D) Produce revenues for local taxing districts;

19 (E) Match the incidence of taxation with the realization of the economic benefits of harvest; and

20 (F) Encourage the establishment of new forests on denuded, nonstocked or underproducing
21 forestland.

22 **NOTE:** Improves syntax and conforms language to standard legislative style in (1) and (2).

23 **SECTION 29.** ORS 321.808 is amended to read:

24 321.808. The purposes of ORS 321.805 to 321.855 are:

25 (1) To impose with respect to forestland in eastern Oregon a special assessment program
26 whereby the assessed value of forestland is determined as prescribed in ORS 321.201 to 321.222.

27 (2) To establish a special assessment program as a means of:

28 (a) Recognizing the findings in ORS 321.817 without discriminating in favor of either eastern or
29 western Oregon.

30 (b) Recognizing the long-term nature of the forest crop and fostering the public policy of Oregon
31 to encourage the growing and harvesting of timber.

32 (c) Protecting the public welfare by assuring that the *[citizens of the]* **people of this** state and
33 future generations shall have the benefits to be derived from the continuous production of forest
34 products from private forestland.

35 (d) Promoting *[the]* **this** state's policy of encouraging forestry and the restocking of forestland
36 to provide present and future benefits by enhancing the water supply, preventing erosion, providing
37 habitat for wildlife, providing scenic and recreational opportunities and providing for needed pro-
38 ducts.

39 **NOTE:** Conforms language to standard legislative style in (2).

40 **SECTION 30.** ORS 321.817 is amended to read:

41 321.817. It is hereby found that:

42 (1) Multiple taxation through a yearly ad valorem levy on both trees and forestland managed in
43 sustained yield timber operations discourages conservation, private ownership and investment of
44 capital.

45 (2) The interests of *[the]* **this** state, its *[citizens]* **residents** and **its** future *[citizens]* **residents**

1 are best served by sustained yield practices and tax policies that encourage production of forest
 2 resources for commerce, recreation and watersheds, stabilize employment levels, prevent large pop-
 3 ulation shifts and encourage millage of timber products within Oregon.

4 (3) Timber on private lands managed on a sustained yield basis should be treated as a crop and
 5 not taxed as real property.

6 (4) *[That]* **The** portion of *[our]* **this** state lying east of the summit of the Cascade Mountains
 7 differs greatly in forest tree types, soils, climate, growing conditions and topography from western
 8 Oregon.

9 (5) Eastern Oregon forests predominate in Ponderosa pine and associated species, while western
 10 Oregon forests predominate in Douglas fir and associated species.

11 **NOTE:** Conforms language to standard legislative style in (2).

12 **SECTION 31.** ORS 323.803 is amended to read:

13 323.803. (1) Cigarette smoking presents serious public health concerns to the State of Oregon
 14 and to the *[citizens]* **people** of the State of Oregon. The Surgeon General has determined that
 15 smoking causes lung cancer, heart disease and other serious diseases, and that there are hundreds
 16 of thousands of tobacco-related deaths in the United States each year. These diseases most often do
 17 not appear until many years after the person in question begins smoking.

18 (2) Cigarette smoking also presents serious financial concerns for this state. Under certain
 19 health care programs, the State of Oregon may have a legal obligation to provide medical assistance
 20 to eligible persons for health conditions associated with cigarette smoking, and those persons may
 21 have a legal entitlement to receive such medical assistance.

22 (3) Under those health care programs, the State of Oregon pays millions of dollars each year to
 23 provide medical assistance for persons for health conditions associated with cigarette smoking.

24 (4) It is the policy of the State of Oregon that financial burdens imposed on this state by ciga-
 25 rette smoking be borne by tobacco product manufacturers rather than by this state to the extent
 26 that such manufacturers either determine to enter into a settlement with the State of Oregon or are
 27 found culpable by the courts.

28 (5) On November 23, 1998, leading United States tobacco product manufacturers entered into a
 29 settlement agreement, entitled the "Master Settlement Agreement," with the State of Oregon. The
 30 Master Settlement Agreement obligates those manufacturers, in return for a release of past, present
 31 and certain future claims against them as described in the Master Settlement Agreement:

32 (a) To pay substantial sums to the State of Oregon (tied in part to their volume of sales);

33 (b) To fund a national foundation devoted to the interests of public health; and

34 (c) To make substantial changes in their advertising and marketing practices and corporate
 35 culture, with the intention of reducing underage smoking.

36 (6) It would be contrary to the policy of the State of Oregon if those tobacco product manufac-
 37 turers who determine not to enter into such a settlement could use a resulting cost advantage to
 38 derive large, short-term profits in the years before liability may arise without ensuring that this
 39 state will have an eventual source of recovery from them if they are proven to have acted culpably.
 40 It is thus in the interest of the State of Oregon to require that such manufacturers establish a re-
 41 serve fund to guarantee a source of compensation and to prevent such manufacturers from deriving
 42 large, short-term profits and then becoming judgment-proof before liability may arise.

43 **NOTE:** Conforms language to standard legislative style in (1).

44 **SECTION 32.** ORS 456.579 is amended to read:

45 456.579. (1) There is established separate and distinct from the General Fund an account to be

1 known as the Mobile Home Parks Purchase Account. Except as otherwise provided by law, all
2 moneys credited to the Mobile Home Parks Purchase Account are appropriated continuously to the
3 Director of the Housing and Community Services Department for the purpose of carrying out the
4 duties and responsibilities imposed upon the Housing and Community Services Department under
5 ORS 90.800 to 90.850[, 308.905] and 456.581 and this section. Interest earned on moneys in the ac-
6 count must be credited to the account.

7 (2) Except for loans provided in ORS 90.840, moneys in the account described in subsection (1)
8 of this section may not be connected to or commingled in any way with the moneys in the fund de-
9 scribed in ORS 456.720.

10 (3) For the purpose of carrying out the provisions of ORS 90.800 to 90.850[, 308.905] and 456.581
11 and this section, the Housing and Community Services Department may seek moneys from [*sources*
12 *other than that described in ORS 308.905 (1)*] **any lawful source**. Moneys obtained by the department
13 pursuant to this subsection must be credited to the Mobile Home Parks Purchase Account.

14 **NOTE:** Deletes references to repealed statute in (1) and (3). See section 9 (repealing ORS
15 308.905).

16 _____