

Senate Bill 31

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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**.

Excludes Oregon sales of unitary insurance affiliate from numerator of sales factor for purposes of corporate excise tax apportionment formula.

Applies to tax years for which returns are subject to appeal or to audit or adjustment by Department of Revenue, or for which claim for refund may be made, on or after effective date of Act.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to apportionment of income of affiliated group containing insurer member; creating new
3 provisions; amending ORS 317.715; and prescribing an effective date.

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

5 **SECTION 1.** ORS 317.715 is amended to read:

6 317.715. (1) If a corporation required to make a return under this chapter is a member of an
7 affiliated group of corporations making a consolidated federal return under sections 1501 to 1505
8 of the Internal Revenue Code, the corporation's Oregon taxable income shall be determined begin-
9 ning with federal consolidated taxable income of the affiliated group as provided in this section.

10 (2) If the affiliated group, of which the corporation subject to taxation under this chapter is a
11 member, consists of more than one unitary group, before the additions, subtractions, adjustments and
12 modifications to federal taxable income provided for in this chapter are made, and before allocation
13 and apportionment as provided in ORS 317.010 (10), if any, modified federal consolidated taxable
14 income shall be computed. Modified federal consolidated taxable income shall be determined by
15 eliminating from the federal consolidated taxable income of the affiliated group the separate taxable
16 income, as determined under Treasury Regulations adopted under section 1502 of the Internal Re-
17 venue Code, and any deductions or additions or items of income, expense, gain or loss for which
18 consolidated treatment is prescribed under Treasury Regulations adopted under section 1502 of the
19 Internal Revenue Code, attributable to the member or members of any unitary group of which the
20 corporation is not a member.

21 (3)(a) After modified federal consolidated taxable income is determined under subsection (2) of
22 this section, the additions, subtractions, adjustments and modifications prescribed by this chapter
23 shall be made to the modified federal consolidated taxable income of the remaining members of the
24 affiliated group, where applicable, as if all such members were subject to taxation under this chap-
25 ter. After those modifications are made, Oregon taxable income or loss shall be determined as pro-
26 vided in ORS 317.010 (10)(a) to (c), if necessary.

27 (b) In the computation of the Oregon apportionment percentage for a corporation that is a
28 member of an affiliated group filing a consolidated federal return, there shall be taken into consid-

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 eration only the property, payroll, sales or other factors of those members of the affiliated group
2 whose items of income, expense, gain or loss remain in modified federal consolidated taxable income
3 after the eliminations required under subsection (2) of this section. Those members of an affiliated
4 group making a consolidated federal return or a consolidated state return may not be treated as one
5 taxpayer for purposes of determining whether any member of the group is taxable in this state or
6 any other state with respect to questions of jurisdiction to tax or the composition of the apportion-
7 ment factors used to attribute income to this state under ORS 314.280 or 314.605 to 314.675.

8 **(c) If an affiliated group that is required to file a return under this chapter includes an**
9 **insurer that is required to file a separate return under ORS 317.710, the Oregon sales of the**
10 **insurer may not be included in the numerator of the sales factor as determined under ORS**
11 **314.665.**

12 **SECTION 2. The amendments to ORS 317.715 by section 1 of this 2017 Act apply to any**
13 **tax year for which a return is subject to audit or adjustment by the Department of Revenue**
14 **on or after the effective date of this 2017 Act, any tax year for which a return is the subject**
15 **of an appeal on or after the effective date of this 2017 Act and any tax year for which a claim**
16 **for refund may be made on or after the effective date of this 2017 Act.**

17 **SECTION 3. This 2017 Act takes effect on the 91st day after the date on which the 2017**
18 **regular session of the Seventy-ninth Legislative Assembly adjourns sine die.**

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