On page 1 of the printed bill, line 2, after “amending” delete the rest of the line and delete lines 3 through 5 and insert “ORS 178.375 and 316.680; and prescribing an effective date.”.

Delete lines 7 through 31 and delete pages 2 through 25 and insert:

"SECTION 1. ORS 178.375 is amended to read:

"178.375. As used in this section and ORS 178.380 and 178.385:

“(1) ‘ABLE account’ means an account established by an eligible individual, owned by the eligible individual and maintained under the qualified ABLE program established by the Oregon 529 Savings Board under ORS 178.380.


“(3) ‘Designated beneficiary’ has the same meaning as contained in section 529A of the Internal Revenue Code.

“(4) ‘Eligible individual’ has the same meaning as contained in section 529A of the Internal Revenue Code.


“(6) ‘Qualified disability expense’ has the same meaning as contained in section 529A of the Internal Revenue Code.

"SECTION 2. ORS 316.680 is amended to read:

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

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

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

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

“(d) Any supplemental payments made to JOBS Plus Program participants under ORS 411.892.
“(e)(A) Federal pension income that is attributable to federal employment occurring before October 1, 1991. Federal pension income that is attributable to federal employment occurring before October 1, 1991, shall be determined by multiplying the total amount of federal pension income for the tax year by the ratio of the number of months of federal creditable service occurring before October 1, 1991, over the total number of months of federal creditable service.

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

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

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

“(C) As used in this paragraph:

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

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

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

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

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

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

“(h) If included in taxable income for federal tax purposes, the amount withdrawn during the tax year in qualified withdrawals from a savings network account for higher education established under ORS 178.300 to 178.355.

“(i) Any federal deduction that the taxpayer would have been allowed for the production, processing or sale of marijuana items authorized under ORS 475B.010 to 475B.545 or 475B.785 to 475B.949 but for section 280E of the Internal Revenue Code.

“(j) If included in taxable income for federal tax purposes, any distributions from an ABLE account that do not exceed the qualified disability expenses of the designated beneficiary as provided in ORS 178.375 and 178.380 and rules adopted by the Oregon 529 Savings Board.

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

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

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

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

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

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

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

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

“(h) The amount of any long term care insurance premiums paid or incurred by the taxpayer
during the tax year if:

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

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

“(i) Any amount taken as a deduction under section 1341 of the Internal Revenue Code in com-
puting federal taxable income for the tax year, if the taxpayer has claimed a credit for claim of right
income repayment adjustment under ORS 315.068.

“(j) If the taxpayer makes a nonqualified withdrawal, as defined in ORS 178.300, from a savings
network account for higher education established under ORS 178.300 to 178.355, the amount of the
withdrawal that is attributable to contributions that were subtracted from federal taxable income
under ORS 316.699.

“(k) If a taxpayer makes a withdrawal from a savings network account for higher edu-
cation established under ORS 178.300 to 178.355 to pay expenses in connection with enroll-
ment or attendance at an elementary or secondary school, the amount of the withdrawal
that is attributable to contributions that were subtracted from federal taxable income under
ORS 316.699 and the amount of the withdrawal that is attributable to previously untaxed
earnings.

“(l) If the taxpayer makes a distribution from an ABLE account that is not a qualified
disability expense of the designated beneficiary as provided in ORS 178.375 and 178.380 and rules
adopted by the Oregon 529 Savings Board, the amount of the distribution that is attributable to
contributions that were subtracted from federal taxable income under ORS 316.699.

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

**SECTION 3.** The amendments to ORS 178.375 and 316.680 by sections 1 and 2 of this 2018
Act apply to tax years beginning on or after January 1, 2018.

**SECTION 4.** This 2018 Act takes effect on the 91st day after the date on which the 2018
regular session of the Seventy-ninth Legislative Assembly adjourns sine die.".