

## SENATE AMENDMENTS TO SENATE BILL 1529

By COMMITTEE ON FINANCE AND REVENUE

February 9

1 On page 1 of the printed bill, line 5, after “317.097,” insert “317.267,” and after the semicolon  
2 insert “repealing ORS 317.716 and 317.717;”.

3 On page 25, delete lines 11 and 12 and insert:

4 “**SECTION 28.** ORS 317.267 is amended to read:

5 “317.267. (1) To derive Oregon taxable income, there shall be added to federal taxable income  
6 amounts received as dividends from corporations deducted for federal purposes pursuant to section  
7 243 or 245 of the Internal Revenue Code, except section 245(c) of the Internal Revenue Code,  
8 **amounts deducted for income repatriated, deemed or otherwise, under section 965 of the**  
9 **Internal Revenue Code**, amounts paid as dividends by a public utility or telecommunications utility  
10 and deducted for federal purposes pursuant to section 247 of the Internal Revenue Code or dividends  
11 eliminated under Treasury Regulations adopted under section 1502 of the Internal Revenue Code  
12 that are paid by members of an affiliated group that are eliminated from a consolidated federal re-  
13 turn pursuant to ORS 317.715 (2).

14 “(2) To derive Oregon taxable income, after the modification prescribed under subsection (1) of  
15 this section, there shall be subtracted from federal taxable income an amount equal to 70 percent  
16 of dividends (determined without regard to section 78 of the Internal Revenue Code) received or  
17 deemed received from corporations if such dividends are included in federal taxable income. How-  
18 ever:

19 “(a) In the case of any dividend on debt-financed portfolio stock as described in section 246A  
20 of the Internal Revenue Code, the subtraction allowed under this subsection shall be reduced under  
21 the same conditions and in same amount as the dividends received deduction otherwise allowable  
22 for federal income tax purposes is reduced under section 246A of the Internal Revenue Code.

23 “(b) In the case of any dividend received from a 20 percent owned corporation, as defined in  
24 section 243(c) of the Internal Revenue Code, this subsection shall be applied by substituting ‘80  
25 percent’ for ‘70 percent.’

26 “(c) A dividend that is not treated as a dividend under section 243(d) or 965(c)(3) of the Internal  
27 Revenue Code may not be treated as a dividend for purposes of this subsection.

28 “(d) If a dividends received deduction is not allowed for federal tax purposes because of section  
29 246(a) or (c) of the Internal Revenue Code, a subtraction may not be made under this subsection for  
30 received dividends that are described in section 246(a) or (c) of the Internal Revenue Code.

31 “(e) In the case of any dividend received from an alien, domestic or foreign insurer, as defined  
32 in ORS 731.082, that would be included in the taxpayer’s consolidated Oregon return but for the  
33 application of ORS 317.710 (5) or (7), this subsection shall be applied by substituting ‘100 percent’  
34 for ‘70 percent.’

35 “(3) There shall be excluded from the sales factor of any apportionment formula employed to

1 attribute income to this state any amount subtracted from federal taxable income under subsection  
2 (2) of this section.

3 **“SECTION 29.** The amendments to ORS 317.267 by section 28 of this 2018 Act apply to tax  
4 years beginning on or after January 1, 2017.

5 **“SECTION 30.** Section 31 of this 2018 Act is added to and made a part of ORS chapter 317.

6 **“SECTION 31.** On or before July 1, 2021, the Department of Revenue shall:

7 **“(1)** Estimate the increase, if any, of corporate tax revenue received by the department  
8 and attributable to the treatment of post-1986 deferred foreign income under section 965 of  
9 the Internal Revenue Code, less amounts allowed as credits under section 33 of this 2018 Act;  
10 and

11 **“(2)** Transfer an amount equal to the estimate required under subsection (1) of this sec-  
12 tion to the Oregon Rainy Day Fund established under ORS 293.144.

13 **“SECTION 32.** Section 33 of this 2018 Act is added to and made a part of ORS chapter 317.

14 **“SECTION 33.** (1) A credit against the taxes otherwise due under ORS chapter 317 or 318  
15 shall be allowed to a taxpayer for Oregon tax attributable to income reported under section  
16 965 of the Internal Revenue Code as post-1986 deferred foreign income.

17 **“(2)** The credit allowed under this section may not exceed the lesser of:

18 **“(a)** The amount of Oregon tax attributable to income reported under section 965 of the  
19 Internal Revenue Code as post-1986 deferred foreign income for tax years beginning on or  
20 after January 1, 2017, and before January 1, 2018; or

21 **“(b)** The total amount of tax, if any, attributable to the addition required under ORS  
22 317.716 and imposed for all tax years beginning on or after January 1, 2014, and before Jan-  
23 uary 1, 2017.

24 **“(3)** The credit allowed under this section may not exceed the tax liability of the taxpayer  
25 for the tax year.

26 **“(4)** Any tax credit otherwise allowable under this section that is not used by the tax-  
27 payer in a particular tax year may be carried forward and offset against the taxpayer’s tax  
28 liability for the next succeeding tax year. Any credit remaining unused in the next succeed-  
29 ing tax year may be carried forward and used in the second succeeding tax year. Any credit  
30 remaining unused in the second succeeding tax year may be carried forward and used in the  
31 third succeeding tax year. Any credit remaining unused in the third succeeding tax year may  
32 be carried forward and used in the fourth succeeding tax year. Any credit remaining unused  
33 in the fourth succeeding tax year may be carried forward and used in the fifth succeeding  
34 tax year, but may not be used in any tax year thereafter.

35 **“SECTION 34.** Except as provided in section 33 (4) of this 2018 Act, section 33 of this 2018  
36 Act applies to tax years beginning on or after January 1, 2017, and before January 1, 2018.

37 **“SECTION 35.** ORS 317.716 and 317.717 are repealed.

38 **“SECTION 36.** The repeal of ORS 317.716 and 317.717 by section 35 of this 2018 Act applies  
39 to tax years beginning on or after January 1, 2017.

40 **“SECTION 37.** This 2018 Act takes effect on the 91st day after the date on which the 2018  
41 regular session of the Seventy-ninth Legislative Assembly adjourns sine die.”.