

SB 1529-2  
(LC 197)  
2/5/18 (CMT/ps)

Requested by SENATE COMMITTEE ON FINANCE AND REVENUE

**PROPOSED AMENDMENTS TO  
SENATE BILL 1529**

1 On page 1 of the printed bill, line 5, after “317.097,” insert “317.267,” and  
2 after the semicolon 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  
6 federal taxable income amounts received as dividends from corporations de-  
7 ducted for federal purposes pursuant to section 243 [*or*], 245 **or 965** of the  
8 Internal Revenue Code, except section 245(c) of the Internal Revenue Code,  
9 amounts paid as dividends by a public utility or telecommunications utility  
10 and deducted for federal purposes pursuant to section 247 of the Internal  
11 Revenue Code or dividends eliminated under Treasury Regulations adopted  
12 under section 1502 of the Internal Revenue Code that are paid by members  
13 of an affiliated group that are eliminated from a consolidated federal return  
14 pursuant to ORS 317.715 (2).

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

21 “(a) In the case of any dividend on debt-financed portfolio stock as de-

1 scribed in section 246A of the Internal Revenue Code, the subtraction al-  
2 lowed under this subsection shall be reduced under the same conditions and  
3 in same amount as the dividends received deduction otherwise allowable for  
4 federal income tax purposes is reduced under section 246A of the Internal  
5 Revenue Code.

6 “(b) In the case of any dividend received from a 20 percent owned corpo-  
7 ration, as defined in section 243(c) of the Internal Revenue Code, this sub-  
8 section shall be applied by substituting ‘80 percent’ for ‘70 percent.’

9 “(c) A dividend that is not treated as a dividend under section 243(d) or  
10 965(c)(3) of the Internal Revenue Code may not be treated as a dividend for  
11 purposes of this subsection.

12 “(d) If a dividends received deduction is not allowed for federal tax pur-  
13 poses because of section 246(a) or (c) of the Internal Revenue Code, a sub-  
14 traction may not be made under this subsection for received dividends that  
15 are described in section 246(a) or (c) of the Internal Revenue Code.

16 “(e) In the case of any dividend received from an alien, domestic or for-  
17 eign insurer, as defined in ORS 731.082, that would be included in the  
18 taxpayer’s consolidated Oregon return but for the application of ORS 317.710  
19 (5) or (7), this subsection shall be applied by substituting ‘100 percent’ for  
20 ‘70 percent.’

21 “(3) There shall be excluded from the sales factor of any apportionment  
22 formula employed to attribute income to this state any amount subtracted  
23 from federal taxable income under subsection (2) of this section.

24 **“SECTION 29. The amendments to ORS 317.267 by section 28 of this**  
25 **2018 Act apply to tax years beginning on or after January 1, 2017.**

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

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

30 **“(1) Estimate the increase, if any, of corporate tax revenue received**

1 by the department and attributable to the treatment of post-1986 de-  
2 ferred foreign income under section 965 of the Internal Revenue Code;  
3 and

4 “(2) Transfer an amount equal to the estimate required under sub-  
5 section (1) of this section to the Oregon Rainy Day Fund established  
6 under ORS 293.144.

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

9 “SECTION 33. (1) A credit against the taxes otherwise due under  
10 ORS chapter 316 (or, if the taxpayer is a corporation, under ORS  
11 chapter 317 or 318) shall be allowed to a taxpayer for amounts imposed  
12 under section 965 of the Internal Revenue Code as a tax on post-1986  
13 deferred foreign income.

14 “(2) The credit allowed under this section may not exceed the least  
15 of:

16 “(a) The amount of tax imposed under section 965 of the Internal  
17 Revenue Code as a tax on post-1986 deferred foreign income for tax  
18 years beginning on or after January 1, 2017, and before January 1, 2018;

19 “(b) The total amount of tax, if any, attributable to the addition  
20 required under ORS 317.716 and imposed for all tax years beginning on  
21 or after January 1, 2014, and before January 1, 2017; or

22 “(c) The tax liability of the taxpayer for the tax year.

23 “(3) Any tax credit otherwise allowable under this section that is  
24 not used by the taxpayer in a particular tax year may be carried for-  
25 ward and offset against the taxpayer’s tax liability for the next suc-  
26 ceeding tax year. Any credit remaining unused in the next succeeding  
27 tax year may be carried forward and used in the second succeeding tax  
28 year. Any credit remaining unused in the second succeeding tax year  
29 may be carried forward and used in the third succeeding tax year. Any  
30 credit remaining unused in the third succeeding tax year may be car-

1 ried forward and used in the fourth succeeding tax year. Any credit  
2 remaining unused in the fourth succeeding tax year may be carried  
3 forward and used in the fifth succeeding tax year, but may not be used  
4 in any tax year thereafter.

5 **“SECTION 34. Except as provided in section 33 (3) of this 2018 Act,**  
6 **section 33 of this 2018 Act applies to tax years beginning on or after**  
7 **January 1, 2017, and before January 1, 2018.**

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

9 **“SECTION 36. This 2018 Act takes effect on the 91st day after the**  
10 **date on which the 2018 regular session of the Seventy-ninth Legislative**  
11 **Assembly adjourns sine die.”.**

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