

SB 1529-4
(LC 197)
2/8/18 (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 of the Internal
8 Revenue Code, except section 245(c) of the Internal Revenue Code, **amounts**
9 **repatriated, deemed or otherwise, under section 965 of the Internal**
10 **Revenue Code**, amounts paid as dividends by a public utility or telecom-
11 munications utility and deducted for federal purposes pursuant to section 247
12 of the Internal Revenue Code or dividends eliminated under Treasury Regu-
13 lations adopted under section 1502 of the Internal Revenue Code that are
14 paid by members of an affiliated group that are eliminated from a consol-
15 idated federal return pursuant to ORS 317.715 (2).

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

1 “(a) In the case of any dividend on debt-financed portfolio stock as de-
2 scribed in section 246A of the Internal Revenue Code, the subtraction al-
3 lowed under this subsection shall be reduced under the same conditions and
4 in same amount as the dividends received deduction otherwise allowable for
5 federal income tax purposes is reduced under section 246A of the Internal
6 Revenue Code.

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

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

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

17 “(e) In the case of any dividend received from an alien, domestic or for-
18 eign insurer, as defined in ORS 731.082, that would be included in the
19 taxpayer’s consolidated Oregon return but for the application of ORS 317.710
20 (5) or (7), this subsection shall be applied by substituting ‘100 percent’ for
21 ‘70 percent.’

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

25 **“SECTION 29. The amendments to ORS 317.267 by section 28 of this**
26 **2018 Act apply to tax years beginning on or after January 1, 2017.**

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

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

1 “(1) Estimate the increase, if any, of corporate tax revenue received
2 by the department and attributable to the treatment of post-1986 de-
3 ferred foreign income under section 965 of the Internal Revenue Code,
4 less amounts allowed as credits under section 33 of this 2018 Act; and

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

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

10 “SECTION 33. (1) A credit against the taxes otherwise due under
11 ORS chapter 317 or 318 shall be allowed to a taxpayer for Oregon tax
12 attributable to income reported under section 965 of the Internal Rev-
13 enue Code as post-1986 deferred foreign income.

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

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

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

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

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

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

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

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

11 **“SECTION 36.** The repeal of ORS 317.716 and 317.717 by section 35
12 of this 2018 Act applies to tax years beginning on or after January 1,
13 2017.

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

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