

Requested by HOUSE COMMITTEE ON REVENUE

**PROPOSED AMENDMENTS TO  
A-ENGROSSED SENATE BILL 1529**

1 On page 1 of the printed A-engrossed bill, line 2, after “178.300,” insert  
2 “178.375.”

3 In line 4, after “316.157,” insert “316.680.”

4 On page 2, after line 23, insert:

5 **“SECTION 1a.** ORS 178.375 is amended to read:

6 “178.375. As used in this section and ORS 178.380 and 178.385:

7 “(1) ‘ABLE account’ means an account established by an eligible individ-  
8 ual, owned by the eligible individual and maintained under the qualified  
9 ABLE program established by the Oregon 529 Savings Board under ORS  
10 178.380.

11 “(2) ‘ABLE Act’ means the Stephen Beck, Jr., Achieving a Better Life  
12 Experience Act of 2014 (Division B of P.L. 113-295).

13 “(3) ‘Designated beneficiary’ has the same meaning as contained in sec-  
14 tion 529A of the Internal Revenue Code.

15 “(4) ‘Eligible individual’ has the same meaning as contained in section  
16 529A of the Internal Revenue Code.

17 “(5) ‘Internal Revenue Code’ means the federal Internal Revenue Code as  
18 amended and in effect on December 31, [2015] **2017**.

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

21 On page 18, after line 20, insert:

1       **“SECTION 22a.** ORS 316.680 is amended to read:

2       “316.680. (1) There shall be subtracted from federal taxable income:

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

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

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

21       “(d) Any supplemental payments made to JOBS Plus Program participants  
22 under ORS 411.892.

23       “(e)(A) Federal pension income that is attributable to federal employment  
24 occurring before October 1, 1991. Federal pension income that is attributable  
25 to federal employment occurring before October 1, 1991, shall be determined  
26 by multiplying the total amount of federal pension income for the tax year  
27 by the ratio of the number of months of federal creditable service occurring  
28 before October 1, 1991, over the total number of months of federal creditable  
29 service.

30       “(B) The subtraction allowed under this paragraph applies only to federal

1 pension income received at a time when:

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

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

6 “(C) As used in this paragraph:

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

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

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

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

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

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

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

27 “(i) Any federal deduction that the taxpayer would have been allowed for  
28 the production, processing or sale of marijuana items authorized under ORS  
29 475B.010 to 475B.545 or 475B.785 to 475B.949 but for section 280E of the  
30 Internal Revenue Code.

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

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

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

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

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

21 “(d) The amount of any allowance for depletion in excess of the taxpayer’s  
22 adjusted basis in the property depleted, deducted on the taxpayer’s federal  
23 income tax return for the taxable year, pursuant to sections 613, 613A, 614,  
24 616 and 617 of the Internal Revenue Code.

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

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

1 “(g) The amount of any increased benefits paid to a taxpayer under  
2 chapter 569, Oregon Laws 1995, under the provisions of chapter 796, Oregon  
3 Laws 1991, and under section 26, chapter 815, Oregon Laws 1991, that is not  
4 includable in the taxpayer’s federal taxable income under the Internal Rev-  
5 enue Code.

6 “(h) The amount of any long term care insurance premiums paid or in-  
7 curred by the taxpayer during the tax year if:

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

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

12 “(i) Any amount taken as a deduction under section 1341 of the Internal  
13 Revenue Code in computing federal taxable income for the tax year, if the  
14 taxpayer has claimed a credit for claim of right income repayment adjust-  
15 ment under ORS 315.068.

16 “(j) If the taxpayer makes a nonqualified withdrawal, as defined in ORS  
17 178.300, from a savings network account for higher education established  
18 under ORS 178.300 to 178.355, the amount of the withdrawal that is attrib-  
19 utable to contributions that were subtracted from federal taxable income  
20 under ORS 316.699.

21 **“(k) If a taxpayer makes a withdrawal from a savings network ac-**  
22 **count for higher education established under ORS 178.300 to 178.355 to**  
23 **pay expenses in connection with enrollment or attendance at an ele-**  
24 **mentary or secondary school, the amount of the withdrawal that is**  
25 **attributable to contributions that were subtracted from federal taxable**  
26 **income under ORS 316.699 and the amount of the withdrawal that is**  
27 **attributable to previously untaxed earnings and gains.**

28 “[*k*] (L) If the taxpayer makes a distribution from an ABLE account that  
29 is not a qualified disability expense of the designated beneficiary as provided  
30 in ORS 178.375 and 178.380 and rules adopted by the Oregon 529 Savings

1 Board, the amount of the distribution that is attributable to contributions  
2 that were subtracted from federal taxable income under ORS 316.699.

3 “(3) Discount and gain or loss on retirement or disposition of obligations  
4 described under subsection (2)(a) of this section issued on or after January  
5 1, 1985, shall be treated for purposes of this chapter in the same manner as  
6 under sections 1271 to 1283 and other pertinent sections of the Internal  
7 Revenue Code as if the obligations, although issued by a foreign state or a  
8 political subdivision of a foreign state, were not tax exempt under the  
9 Internal Revenue Code.”.

10 On page 25, line 3, after “178.300,” insert “178.375,”.

11 In line 4, after “316.157,” insert “316.680,” and after “1” insert “, 1a”.

12 In line 9, after “178.300,” insert “178.375,”.

13 In line 10, after “316.157,” insert “316.680,” and after “1” insert “, 1a”.

14 In line 13, after “178.300,” insert “178.375,”.

15 In line 14, after “316.157,” insert “316.680,”.

16 In line 15, after “sections 1” insert “, 1a”.

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