

Requested by Representative PARRISH

**PROPOSED AMENDMENTS TO
B-ENGROSSED SENATE BILL 1528**

1 On page 1 of the printed B-engrossed bill, line 2, delete “314.752 and
2 318.031” and insert “178.300, 178.375, 238A.005, 238A.125, 238A.150, 238A.170,
3 238A.230, 238A.370, 238A.400, 238A.410, 238A.415, 238A.430, 238A.435, 305.230,
4 305.494, 305.690, 305.842, 314.011, 314.306, 315.004, 316.012, 316.147, 316.157,
5 317.010, 317.097, 458.670 and 657.010”.

6 Delete lines 5 through 19 and delete pages 2 through 4 and insert:

7 **“SECTION 1.** ORS 178.300 is amended to read:

8 “178.300. As used in ORS 178.300 to 178.355:

9 “(1) ‘Account’ means an individual account established in accordance with
10 ORS 178.300 to 178.355.

11 “(2) ‘Account owner’ means the person who has the right to withdraw
12 funds from the account. The account owner may also be the designated ben-
13 eficiary of the account.

14 “(3) ‘Board’ means the Oregon 529 Savings Board established under ORS
15 178.310.

16 “(4) ‘Designated beneficiary’ means, except as provided in ORS 178.350,
17 the individual designated at the time the account is opened as having the
18 right to receive a qualified withdrawal for the payment of qualified higher
19 education expenses, or if the designated beneficiary is replaced in accordance
20 with ORS 178.350, the replacement.

21 “(5) ‘Financial institution’ means a bank, a commercial bank, a national

1 bank, a savings bank, a savings and loan, a thrift institution, a credit union,
2 an insurance company, a trust company, a mutual fund, an investment firm
3 or other similar entity authorized to do business in this state.

4 “(6) ‘Higher education institution’ means an eligible education institution
5 as defined in section 529(e)(5) of the Internal Revenue Code.

6 “(7) ‘Internal Revenue Code’ means the federal Internal Revenue Code as
7 amended and in effect on December 31, [2016] **2017**.

8 “(8) ‘Member of the family’ shall have the same meaning as contained in
9 section 529(e) of the Internal Revenue Code.

10 “(9) ‘Network’ means the Oregon 529 Savings Network established under
11 ORS 178.305.

12 “(10) ‘Nonqualified withdrawal’ means a withdrawal from an account that
13 is not a qualified withdrawal.

14 “(11) ‘Qualified higher education expenses’ means tuition and other per-
15 mitted expenses as set forth in section 529(e) of the Internal Revenue Code
16 for the enrollment or attendance of a designated beneficiary at a higher ed-
17 ucation institution.

18 “(12) ‘Qualified withdrawal’ means a withdrawal made as prescribed under
19 ORS 178.355 and made:

20 “(a) From an account to pay the qualified higher education expenses of
21 the designated beneficiary;

22 “(b) As the result of the death or disability of the designated beneficiary;

23 “(c) As the result of a scholarship, allowance or payment described in
24 section 135(d)(1)(A), (B) or (C) of the Internal Revenue Code that is received
25 by the designated beneficiary, but only to the extent of the amount of the
26 scholarship, allowance or payment; or

27 “(d) As a rollover or change in the designated beneficiary described in
28 ORS 178.350.

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

30 “178.375. As used in this section and ORS 178.380 and 178.385:

1 “(1) ‘ABLE account’ means an account established by an eligible individ-
2 ual, owned by the eligible individual and maintained under the qualified
3 ABLE program established by the Oregon 529 Savings Board under ORS
4 178.380.

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

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

9 “(4) ‘Eligible individual’ has the same meaning as contained in section
10 529A of the Internal Revenue Code.

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

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

15 **“SECTION 2.** ORS 238A.005 is amended to read:

16 “238A.005. For the purposes of this chapter:

17 “(1) ‘Active member’ means a member of the pension program or the in-
18 dividual account program of the Oregon Public Service Retirement Plan who
19 is actively employed in a qualifying position.

20 “(2) ‘Actuarial equivalent’ means a payment or series of payments having
21 the same value as the payment or series of payments replaced, computed on
22 the basis of interest rate and mortality assumptions adopted by the board.

23 “(3) ‘Board’ means the Public Employees Retirement Board.

24 “(4) ‘Eligible employee’ means a person who performs services for a par-
25 ticipating public employer, including elected officials other than judges. ‘El-
26 igible employee’ does not include:

27 “(a) Persons engaged as independent contractors;

28 “(b) Aliens working under a training or educational visa;

29 “(c) Persons provided sheltered employment or make-work by a public
30 employer;

1 “(d) Persons categorized by a participating public employer as student
2 employees;

3 “(e) Any person who is an inmate of a state institution;

4 “(f) Employees of foreign trade offices of the Oregon Business Develop-
5 ment Department who live and perform services in foreign countries under
6 the provisions of ORS 285A.075 (1)(g);

7 “(g) An employee actively participating in an alternative retirement pro-
8 gram established under ORS 353.250 or an optional retirement plan estab-
9 lished under ORS 341.551;

10 “(h) Employees of a public university listed in ORS 352.002 who are ac-
11 tively participating in an optional retirement plan offered under ORS 243.800;

12 “(i) Persons employed in positions classified as post-doctoral scholar po-
13 sitions by a public university listed in ORS 352.002, or by the Oregon Health
14 and Science University, under ORS 350.370;

15 “(j) Any employee who belongs to a class of employees that was not eli-
16 gible on August 28, 2003, for membership in the system under the provisions
17 of ORS chapter 238 or other law;

18 “(k) Any person who belongs to a class of employees who are not eligible
19 to become members of the Oregon Public Service Retirement Plan under the
20 provisions of ORS 238A.070 (2);

21 “(L) Any person who is retired under ORS 238A.100 to 238A.250 or ORS
22 chapter 238 and who continues to receive retirement benefits while employed;
23 and

24 “(m) Judges.

25 “(5) ‘Firefighter’ means:

26 “(a) A person employed by a local government, as defined in ORS 174.116,
27 whose primary job duties include the fighting of fires;

28 “(b) The State Fire Marshal, the chief deputy state fire marshal and
29 deputy state fire marshals; and

30 “(c) An employee of the State Forestry Department who is certified by the

1 State Forester as a professional wildland firefighter and whose primary du-
2 ties include the abatement of uncontrolled fires as described in ORS 477.064.

3 “(6) ‘Fund’ means the Public Employees Retirement Fund.

4 “(7)(a) ‘Hour of service’ means:

5 “(A) An hour for which an eligible employee is directly or indirectly paid
6 or entitled to payment by a participating public employer for performance
7 of duties in a qualifying position; and

8 “(B) An hour of vacation, holiday, illness, incapacity, jury duty, military
9 duty or authorized leave during which an employee does not perform duties
10 but for which the employee is directly or indirectly paid or entitled to pay-
11 ment by a participating public employer for services in a qualifying position,
12 as long as the hour is within the number of hours regularly scheduled for
13 the performance of duties during the period of vacation, holiday, illness, in-
14 capacity, jury duty, military duty or authorized leave.

15 “(b) ‘Hour of service’ does not include any hour for which payment is
16 made or due under a plan maintained solely for the purpose of complying
17 with applicable unemployment compensation laws.

18 “(8) ‘Inactive member’ means a member of the pension program or the
19 individual account program of the Oregon Public Service Retirement Plan
20 whose membership has not been terminated, who is not a retired member and
21 who is not employed in a qualifying position.

22 “(9) ‘Individual account program’ means the defined contribution individ-
23 ual account program of the Oregon Public Service Retirement Plan estab-
24 lished under ORS 238A.025.

25 “(10) ‘Institution of higher education’ means a public university listed in
26 ORS 352.002, the Oregon Health and Science University or a community
27 college, as defined in ORS 341.005.

28 “(11) ‘Member’ means an eligible employee who has established member-
29 ship in the pension program or the individual account program of the Oregon
30 Public Service Retirement Plan and whose membership has not been termi-

1 nated under ORS 238A.110 or 238A.310.

2 “(12) ‘Participating public employer’ means a public employer as defined
3 in ORS 238.005 that provides retirement benefits for employees of the public
4 employer under the system.

5 “(13) ‘Pension program’ means the defined benefit pension program of the
6 Oregon Public Service Retirement Plan established under ORS 238A.025.

7 “(14) ‘Police officer’ means a police officer as described in ORS 238.005.

8 “(15) ‘Qualifying position’ means one or more jobs with one or more par-
9 ticipating public employers in which an eligible employee performs 600 or
10 more hours of service in a calendar year, excluding any service in a job for
11 which benefits are not provided under the Oregon Public Service Retirement
12 Plan pursuant to ORS 238A.070 (2).

13 “(16) ‘Retired member’ means a pension program member who is receiving
14 a pension as provided in ORS 238A.180 to 238A.195.

15 “(17)(a) ‘Salary’ means the remuneration paid to an active member in re-
16 turn for services to the participating public employer, including
17 remuneration in the form of living quarters, board or other items of value,
18 to the extent the remuneration is includable in the employee’s taxable in-
19 come under Oregon law. ‘Salary’ includes the additional amounts specified
20 in paragraph (b) of this subsection, but does not include the amounts speci-
21 fied in paragraph (c) of this subsection, regardless of whether those amounts
22 are includable in taxable income.

23 “(b) ‘Salary’ includes the following amounts:

24 “(A) Payments of employee and employer money into a deferred compen-
25 sation plan that are made at the election of the employee.

26 “(B) Contributions to a tax-sheltered or deferred annuity that are made
27 at the election of the employee.

28 “(C) Any amount that is contributed to a cafeteria plan or qualified
29 transportation fringe benefit plan by the employer at the election of the
30 employee and that is not includable in the taxable income of the employee

1 by reason of 26 U.S.C. 125 or 132(f)(4), as in effect on December 31, [2016]
2 **2017.**

3 “(D) Any amount that is contributed to a cash or deferred arrangement
4 by the employer at the election of the employee and that is not included in
5 the taxable income of the employee by reason of 26 U.S.C. 402(e)(3), as in
6 effect on December 31, [2016] **2017.**

7 “(E) Retroactive payments described in ORS 238.008.

8 “(F) The amount of an employee contribution to the individual account
9 program that is paid by the employer and deducted from the compensation
10 of the employee, as provided under ORS 238A.335 (1) and (2)(a).

11 “(G) The amount of an employee contribution to the individual account
12 program that is not paid by the employer under ORS 238A.335.

13 “(H) Wages of a deceased member paid to a surviving spouse or dependent
14 children under ORS 652.190.

15 “(c) ‘Salary’ does not include the following amounts:

16 “(A) Travel or any other expenses incidental to employer’s business which
17 is reimbursed by the employer.

18 “(B) Payments made on account of an employee’s death.

19 “(C) Any lump sum payment for accumulated unused sick leave, vacation
20 leave or other paid leave.

21 “(D) Any severance payment, accelerated payment of an employment
22 contract for a future period or advance against future wages.

23 “(E) Any retirement incentive, retirement bonus or retirement gratuitous
24 payment.

25 “(F) Payment for a leave of absence after the date the employer and em-
26 ployee have agreed that no future services in a qualifying position will be
27 performed.

28 “(G) Payments for instructional services rendered to public universities
29 listed in ORS 352.002 or the Oregon Health and Science University when
30 those services are in excess of full-time employment subject to this chapter.

1 A person employed under a contract for less than 12 months is subject to this
2 subparagraph only for the months covered by the contract.

3 “(H) The amount of an employee contribution to the individual account
4 program that is paid by the employer and is not deducted from the compen-
5 sation of the employee, as provided under ORS 238A.335 (1) and (2)(b).

6 “(I) Any amount in excess of \$200,000 for a calendar year. If any period
7 over which salary is determined is less than 12 months, the \$200,000 limita-
8 tion for that period shall be multiplied by a fraction, the numerator of which
9 is the number of months in the determination period and the denominator
10 of which is 12. The board shall adopt rules adjusting this dollar limit to in-
11 corporate cost-of-living adjustments authorized by the Internal Revenue Ser-
12 vice.

13 “(18) ‘System’ means the Public Employees Retirement System.

14 “(19) ‘Workers’ compensation benefits’ means:

15 “(a) Payments made under ORS chapter 656; or

16 “(b) Payments provided in lieu of workers’ compensation benefits under
17 ORS 656.027 (6).

18 “**SECTION 3.** ORS 238A.125 is amended to read:

19 “238A.125. (1) Upon retiring at normal retirement age, a vested pension
20 program member shall be paid an annual pension for the life of the member
21 as follows:

22 “(a) For service as a police officer or firefighter, 1.8 percent of final av-
23 erage salary multiplied by the number of years of retirement credit attrib-
24 utable to service as a police officer or firefighter.

25 “(b) For service as other than a police officer or firefighter, 1.5 percent
26 of final average salary multiplied by the number of years of retirement credit
27 attributable to service as other than a police officer or firefighter.

28 “(2) Notwithstanding any provision of ORS 238A.100 to 238A.250, the an-
29 nual benefit payable to a member under the pension program and under any
30 other tax-qualified defined benefit plan maintained by the participating pub-

1 lic employer may not exceed the applicable limitations set forth in 26 U.S.C.
2 415(b), as in effect on December 31, [2016] **2017**. The Public Employees Re-
3 tirement Board shall adopt rules for the administration of this limitation,
4 including adjustments in the annual dollar limitation to reflect cost-of-living
5 adjustments authorized by the Internal Revenue Service.

6 “(3) The board shall make no actuarial adjustment in a member’s pension
7 calculated under this section by reason of the member’s retirement after
8 normal retirement age.

9 **“SECTION 4.** ORS 238A.150 is amended to read:

10 “238A.150. (1) Notwithstanding any other provision of ORS 238A.100 to
11 238A.250, an eligible employee who leaves a qualifying position for the pur-
12 pose of performing service in the uniformed services, and who subsequently
13 returns to employment with a participating public employer with reemploy-
14 ment rights under federal law, is entitled to accrue retirement credit, credit
15 toward the probationary period required by ORS 238A.100 and credit toward
16 the vesting requirements of ORS 238A.115 under rules adopted by the Public
17 Employees Retirement Board pursuant to subsection (2) of this section.

18 “(2) The board shall adopt rules establishing benefits and service credit
19 for any period of service in the uniformed services by an employee described
20 in subsection (1) of this section. For the purpose of adopting rules under this
21 subsection, the board shall consider and take into account all federal law
22 relating to benefits and service credit for any period of service in the uni-
23 formed services, including 26 U.S.C. 414(u), as in effect on December 31,
24 [2016] **2017**. Benefits and service credit under rules adopted by the board
25 pursuant to this subsection may not exceed benefits and service credit re-
26 quired under federal law for periods of service in the uniformed services.

27 **“SECTION 5.** ORS 238A.170 is amended to read:

28 “238A.170. (1) An active member of the pension program who is 70-1/2
29 years of age or older must retire not later than April 1 of the calendar year
30 following the calendar year in which the member terminates employment

1 with all participating public employers. An inactive member of the pension
2 program must retire not later than April 1 of the calendar year following the
3 calendar year in which the member attains 70-1/2 years of age.

4 “(2) Notwithstanding any other provision of ORS 238A.100 to 238A.250,
5 the entire interest of a member of the pension program must be distributed
6 over a time period commencing no later than the required beginning date set
7 forth in subsection (1) of this section, and must be distributed in a manner
8 that satisfies all other minimum distribution requirements of 26 U.S.C.
9 401(a)(9) and regulations implementing that section, as in effect on December
10 31, [2016] **2017**. The Public Employees Retirement Board shall adopt rules
11 implementing those minimum distribution requirements.

12 **“SECTION 6.** ORS 238A.230 is amended to read:

13 “238A.230. (1) If a member of the pension program who is vested dies be-
14 fore the member’s effective date of retirement, the Public Employees Retire-
15 ment Board shall pay the death benefit provided for in this section to:

16 “(a) The spouse of the member to the extent not provided to a former
17 spouse in accordance with a judgment or order under ORS 238.465;

18 “(b) The former spouse of the member as provided in a judgment or order
19 under ORS 238.465; or

20 “(c) Any other person who is constitutionally required to be treated in
21 the same manner as a spouse for the purpose of retirement benefits.

22 “(2)(a) The death benefit to be paid under this section shall be for the life
23 of the spouse, former spouse or other person who is constitutionally required
24 to be treated in the same manner as a spouse, and shall be the actuarial
25 equivalent of 50 percent of the pension that would otherwise have been paid
26 to the deceased member.

27 “(b) For the purpose of paragraph (a) of this subsection, the amount of
28 the pension that would otherwise have been paid to the deceased member
29 shall be calculated:

30 “(A) As of the date of death if the member dies after the earliest retire-

1 ment date for the member under ORS 238A.165; or

2 “(B) As if the member became an inactive member on the date of death
3 and thereafter retired at the earliest retirement date if the member dies be-
4 fore the earliest retirement date for the member under ORS 238A.165.

5 “(3) The death benefit provided under this section is first effective on the
6 first day of the month following the date of death of the member. The sur-
7 viving spouse, former spouse or other person entitled to the death benefit
8 may elect to delay payment of the death benefit, but payment must commence
9 no later than December 31 of the calendar year in which the member would
10 have reached 70-1/2 years of age.

11 “(4) Notwithstanding any other provision of ORS 238A.100 to 238A.250,
12 distributions of death benefits under the pension program must comply with
13 the minimum distribution requirements of 26 U.S.C. 401(a)(9) and the regu-
14 lations implementing that section, as in effect on December 31, [2016] **2017**.
15 The board shall adopt rules implementing those minimum distribution re-
16 quirements.

17 **“SECTION 7.** ORS 238A.370 is amended to read:

18 “238A.370. Notwithstanding any other provision of ORS 238A.300 to
19 238A.415, the annual addition to the employee and employer accounts of a
20 member of the individual account program for a calendar year, together with
21 the annual additions to the accounts of the member under any other defined
22 contribution plan maintained by the participating public employer for a cal-
23 endar year, may not exceed the lesser of \$40,000, or 100 percent of the
24 member’s compensation for that calendar year. For purposes of this section,
25 ‘annual addition’ has the meaning given that term in 26 U.S.C. 415(c)(2), as
26 in effect on December 31, [2016] **2017**, and ‘compensation’ has the meaning
27 given the term ‘participant’s compensation’ in 26 U.S.C. 415(c)(3), as in effect
28 on December 31, [2016] **2017**. The Public Employees Retirement Board shall
29 adopt rules for the administration of this limitation, including adjustments
30 in the annual dollar limitation to reflect cost-of-living adjustments author-

1 ized by the Internal Revenue Service.

2 **“SECTION 8.** ORS 238A.400 is amended to read:

3 “238A.400. (1) Upon retirement on or after the earliest retirement date,
4 as described in ORS 238A.165, a member of the individual account program
5 shall receive in a lump sum the amounts in the member’s employee account,
6 rollover account and employer account to the extent the member is vested
7 in those accounts under ORS 238A.320.

8 “(2) In lieu of a lump sum payment under subsection (1) of this section,
9 a member of the individual account program may elect to receive the
10 amounts in the member’s employee account and employer account, to the
11 extent the member is vested in those accounts under ORS 238A.320, in sub-
12 stantially equal installments paid over a period of 5, 10, 15 or 20 years, or
13 over a period that is equal to the anticipated life span of the member as
14 actuarially determined by the Public Employees Retirement Board. Install-
15 ments may be made on a monthly, quarterly or annual basis. In no event
16 may the period selected by the member exceed the time allowed by the min-
17 imum distribution requirements described in subsection (5) of this section.
18 The board shall by rule establish the manner in which installments will be
19 adjusted to reflect investment gains and losses on the unpaid balance during
20 the payout period elected by the member under this subsection. The board
21 by rule may establish minimum monthly amounts payable under this sub-
22 section. The board may require that a lump sum payment, or an installment
23 schedule different than the schedules provided for in this subsection, be used
24 to pay the vested amounts in the member’s accounts if those amounts are
25 not adequate to generate the minimum monthly amounts specified by the
26 rule.

27 “(3) A member of the individual account program electing to receive in-
28 stallments under subsection (2) of this section must designate a beneficiary
29 or beneficiaries. In the event the member dies before all amounts in the
30 employee and vested employer accounts are paid, all remaining installment

1 payments shall be made to the beneficiary or beneficiaries designated by the
2 member. A beneficiary may elect to receive a lump sum distribution of the
3 remaining amounts.

4 “(4) A member who is entitled to receive retirement benefits under ORS
5 chapter 238 may receive vested amounts in the member’s employee account,
6 rollover account and employer account in the manner provided by this sec-
7 tion when the member retires for service under the provisions of ORS chap-
8 ter 238.

9 “(5) Notwithstanding any other provision of ORS 238A.300 to 238A.415,
10 the entire interest of a member of the individual account program must be
11 distributed over a time period commencing no later than the latest retire-
12 ment date set forth in ORS 238A.170, and must be distributed in a manner
13 that satisfies all other minimum distribution requirements of 26 U.S.C.
14 401(a)(9) and regulations implementing that section, as in effect on December
15 31, [2016] 2017. The board shall adopt rules implementing those minimum
16 distribution requirements.

17 **“SECTION 9.** ORS 238A.410 is amended to read:

18 “238A.410. (1) If a member of the individual account program dies before
19 retirement, the amounts in the member’s employee account, rollover account
20 and employer account, to the extent the member is vested in those accounts
21 under ORS 238A.320, shall be paid in a lump sum to the beneficiary or ben-
22 eficiaries designated by the member for the purposes of this section.

23 “(2) If a member of the individual account program is married at the time
24 of death, or there exists at the time of death any other person who is con-
25 stitutionally required to be treated in the same manner as a spouse for the
26 purpose of retirement benefits, the spouse or other person shall be the ben-
27 eficiary for purposes of the death benefit payable under this section unless
28 the spouse or other person consents to the designation of a different benefi-
29 ciary or beneficiaries before the designation has been made and the consent
30 has not been revoked by the spouse or other person as of the time of the

1 member's death. Consent and revocation of consent must be in writing, ac-
2 knowledged by a notary public, and submitted to the Public Employees Re-
3 tirement Board in accordance with rules adopted by the board. If the
4 member's spouse is designated as the member's beneficiary and the marriage
5 of the member and spouse is subsequently dissolved, the former spouse shall
6 be treated as predeceasing the member for purposes of this section, unless
7 the member expressly designates the former spouse as beneficiary after the
8 effective date of the dissolution or the former spouse is required to be des-
9 ignated as a beneficiary under the provisions of ORS 238.465.

10 “(3) For purposes of this section and ORS 238A.400 (3), if a member fails
11 to designate a beneficiary, or if the person or persons designated do not
12 survive the member, the death benefit provided for in this section shall be
13 paid to the following person or persons, in the following order of priority:

14 “(a) The member's surviving spouse or other person who is constitu-
15 tionally required to be treated in the same manner as a spouse;

16 “(b) The member's surviving children, in equal shares; or

17 “(c) The member's estate.

18 “(4) The entire amount of a deceased member's vested accounts must be
19 distributed by December 31 of the fifth calendar year after the year in which
20 the member died. Notwithstanding any other provision of this chapter, dis-
21 tributions of death benefits under the individual account program must
22 comply with the minimum distribution requirements of 26 U.S.C. 401(a)(9)
23 and the regulations implementing that section, as in effect on December 31,
24 [2016] **2017**. The Public Employees Retirement Board shall adopt rules im-
25 plementing those minimum distribution requirements.

26 “**SECTION 10.** ORS 238A.415 is amended to read:

27 “238A.415. (1) Notwithstanding any other provision of ORS 238A.300 to
28 238A.415, an eligible employee who leaves a qualifying position for the pur-
29 pose of performing service in the uniformed services, and who subsequently
30 returns to employment with a participating public employer with reemploy-

1 ment rights under federal law, is entitled to credit toward the probationary
2 period required by ORS 238A.300, credit toward the vesting requirements of
3 ORS 238A.320 and contributions under rules adopted by the Public Employ-
4 ees Retirement Board pursuant to subsection (2) of this section.

5 “(2) The board shall adopt rules establishing contributions and service
6 credit for any period of service in the uniformed services by an employee
7 described in subsection (1) of this section. For the purpose of adopting rules
8 under this subsection, the board shall consider and take into account all
9 federal law relating to benefits and service credit for any period of service
10 in the uniformed services, including 26 U.S.C. 414(u), as in effect on Decem-
11 ber 31, [2016] **2017**. Contributions and service credit under rules adopted by
12 the board pursuant to this subsection may not exceed contributions and
13 service credit required under federal law for periods of service in the uni-
14 formed services.

15 **“SECTION 11.** ORS 238A.430 is amended to read:

16 “238A.430. (1) To the extent required by law, and except as otherwise
17 provided by rules adopted by the Public Employees Retirement Board under
18 subsection (4) of this section, any portion of a distribution of benefits de-
19 scribed in subsection (2) of this section shall, at the election of and in lieu
20 of distribution to the distributee, be paid directly to an eligible retirement
21 plan specified by the distributee.

22 “(2) The provisions of subsection (1) of this section apply to a distribution
23 of any benefit under the pension program or the individual account program
24 except:

25 “(a) A distribution that is one of a series of substantially equal periodic
26 payments made at least annually for the life or life expectancy of the
27 distributee, or for the joint lives or life expectancies of the distributee and
28 a designated beneficiary;

29 “(b) A distribution that is one of a series of substantially equal periodic
30 payments made at least annually for a specified period of 10 years or more;

1 and

2 “(c) A distribution to the extent that the distribution is required under
3 26 U.S.C. 401(a)(9).

4 “(3) The provisions of subsection (1) of this section apply to any portion
5 of a distribution of benefits under the pension program or the individual
6 account program even though the portion consists of after-tax employee
7 contributions that are not includable in gross income. Any portion of a dis-
8 tribution that consists of after-tax employee contributions that are not
9 includable in gross income may be transferred only to an individual retire-
10 ment account or annuity described in 26 U.S.C. 408(a) or (b), or to a quali-
11 fied defined contribution or defined benefit plan described in 26 U.S.C. 401(a)
12 or 403(b) that agrees to account separately for amounts transferred, including
13 accounting separately for the portion of the distribution that is includable
14 in gross income and the portion of the distribution that is not includable in
15 gross income. The amount transferred shall be treated as consisting first of
16 the portion of the distribution that is includable in gross income, determined
17 without regard to 26 U.S.C. 402(c)(1).

18 “(4) The board shall adopt rules implementing the direct rollover re-
19 quirements of 26 U.S.C. 401(a)(31) and the regulations implementing that
20 section, and may adopt administrative exceptions to the direct rollover re-
21 quirements to the extent permitted by 26 U.S.C. 401(a)(31) and the regu-
22 lations implementing that section.

23 “(5) All references in this section to federal laws and regulations are to
24 the laws and regulations in effect on December 31, [2016] **2017**.

25 “(6) For purposes of this section:

26 “(a) ‘Distributee’ means a member, a member’s surviving spouse or a
27 member’s alternate payee under ORS 238.465.

28 “(b) ‘Eligible retirement plan’ means:

29 “(A) An individual retirement account described in 26 U.S.C. 408(a);

30 “(B) An individual retirement annuity described in 26 U.S.C. 408(b), other

1 than an endowment contract;

2 “(C) A qualified trust under 26 U.S.C. 401(a), that is a defined contribu-
3 tion or defined benefit plan and permits the acceptance of rollover contri-
4 butions;

5 “(D) An annuity plan described in 26 U.S.C. 403(a);

6 “(E) An eligible deferred compensation plan described in 26 U.S.C. 457(b)
7 that is maintained by an eligible governmental employer described in 26
8 U.S.C. 457(e)(1)(A) and that agrees to account separately for amounts trans-
9 ferred into such plan from the distributing plan; or

10 “(F) An annuity contract described in 26 U.S.C. 403(b).

11 **“SECTION 12.** ORS 238A.435 is amended to read:

12 “238A.435. (1) If a benefit is payable under this chapter to a beneficiary
13 by reason of the death of a member of the system, the beneficiary may elect
14 to have all or part of the distribution of the death benefit paid in an eligible
15 rollover distribution to an individual retirement plan described in 26 U.S.C.
16 408(a), or an individual retirement annuity, other than an endowment con-
17 tract, described in 26 U.S.C. 408(b), if the plan or annuity is established for
18 the purpose of receiving the eligible rollover distribution on behalf of the
19 designated beneficiary.

20 “(2) Subsection (1) of this section applies to an eligible rollover distrib-
21 ution of death benefits to a beneficiary who is not treated as the spouse of
22 the decedent for federal tax purposes and who is the decedent’s designated
23 beneficiary for the purposes of the minimum required distribution require-
24 ments of 26 U.S.C. 401(a)(9). To the extent provided by rules of the Public
25 Employees Retirement Board, a trust maintained for the benefit of one or
26 more beneficiaries must be treated by the board in the same manner as a
27 trust that is designated as a beneficiary for the purposes of the minimum
28 required distribution requirements of 26 U.S.C. 401(a)(9).

29 “(3) As used in this section, ‘eligible rollover distribution’ has the mean-
30 ing given that term in 26 U.S.C. 402(c)(4), as in effect on December 31,

1 [2016] 2017.

2 **“SECTION 13.** ORS 305.230 is amended to read:

3 “305.230. (1) Notwithstanding ORS 9.320:

4 “(a) Any person who is qualified to practice law or public accountancy
5 in this state, any person who has been granted active enrollment to practice
6 before the Internal Revenue Service and who is qualified to prepare tax re-
7 turns in this state or any person who is the authorized employee of a tax-
8 payer and is regularly employed by the taxpayer in tax matters may
9 represent the taxpayer before a tax court magistrate or the Department of
10 Revenue in any conference or proceeding with respect to the administration
11 of any tax.

12 “(b) Any person who is licensed by the State Board of Tax Practitioners
13 or who is exempt from such licensing requirement as provided for and limited
14 by ORS 673.610 may represent a taxpayer before a tax court magistrate or
15 the department in any conference or proceeding with respect to the admin-
16 istration of any tax on or measured by net income.

17 “(c) Any shareholder of an S corporation, as defined in section 1361 of the
18 Internal Revenue Code, as amended and in effect on December 31, [2016]
19 2017, may represent the corporation in any proceeding before a tax court
20 magistrate or the department in the same manner as if the shareholder were
21 a partner and the S corporation were a partnership. The S corporation must
22 designate in writing a tax matters shareholder authorized to represent the
23 S corporation.

24 “(d) An individual who is licensed as a real estate broker or principal real
25 estate broker under ORS 696.022 or is a state certified appraiser or state li-
26 censed appraiser under ORS 674.310 or is a registered appraiser under ORS
27 308.010 may represent a taxpayer before a tax court magistrate or the de-
28 partment in any conference or proceeding with respect to the administration
29 of any ad valorem property tax.

30 “(e) A general partner who has been designated by members of a part-

1 nership as their tax matters partner under ORS 305.242 may represent those
2 partners in any conference or proceeding with respect to the administration
3 of any tax on or measured by net income.

4 “(f) Any person authorized under rules adopted by the department may
5 represent a taxpayer before the department in any conference or proceeding
6 with respect to any tax. Rules adopted under this paragraph, to the extent
7 feasible, shall be consistent with federal law that governs representation
8 before the Internal Revenue Service, as federal law is amended and in effect
9 on December 31, [2016] **2017**.

10 “(g) Any person authorized under rules adopted by the tax court may
11 represent a taxpayer in a proceeding before a tax court magistrate.

12 “(2) A person may not be recognized as representing a taxpayer pursuant
13 to this section unless there is first filed with the magistrate or department
14 a written authorization, or unless it appears to the satisfaction of the
15 magistrate or department that the representative does in fact have authority
16 to represent the taxpayer. A person recognized as an authorized represen-
17 tative under rules or procedures adopted by the tax court shall be considered
18 an authorized representative by the department.

19 “(3) A taxpayer represented by someone other than an attorney is bound
20 by all things done by the authorized representative, and may not thereafter
21 claim any proceeding was legally defective because the taxpayer was not
22 represented by an attorney.

23 “(4) Prior to the holding of a conference or proceeding before the tax
24 court magistrate or department, written notice shall be given by the
25 magistrate or department to the taxpayer of the provisions of subsection (3)
26 of this section.

27 **“SECTION 14.** ORS 305.494 is amended to read:

28 “305.494. Notwithstanding ORS 9.320, any shareholder of an S corporation
29 as defined in section 1361 of the Internal Revenue Code, as amended and in
30 effect on December 31, [2016] **2017**, may represent the corporation in any

1 proceeding before the Oregon Tax Court in the same manner as if the
2 shareholder were a partner and the S corporation were a partnership.

3 **“SECTION 15.** ORS 305.690 is amended to read:

4 “305.690. As used in ORS 305.690 to 305.753, unless the context otherwise
5 requires:

6 “(1) ‘Biennial years’ means the two income tax years of individual tax-
7 payers that begin in the two calendar years immediately following the cal-
8 endar year in which a list is certified under ORS 305.715.

9 “(2) ‘Commission’ means the Oregon Charitable Checkoff Commission.

10 “(3) ‘Department’ means the Department of Revenue.

11 “(4) ‘Eligibility roster’ means a list, prepared under ORS 305.715 and
12 maintained by the commission in chronological order based on the date of
13 form listing or date of eligibility determination, whichever is later, of char-
14 itable and governmental entities seeking inclusion on the Oregon individual
15 income tax return forms.

16 “(5) ‘Form listed’ or ‘form listing’ means being listed on the Oregon indi-
17 vidual income tax return form.

18 “(6) ‘Instruction listing’ means being listed on the Department of Revenue
19 instructions for tax return checkoff contribution.

20 “(7) ‘Internal Revenue Code’ means the federal Internal Revenue Code as
21 amended and in effect on December 31, [2016] **2017**.

22 **“SECTION 16.** ORS 305.842 is amended to read:

23 “305.842. (1) As used in ORS 307.130, 307.147, 308A.450, 310.140 and 310.800,
24 ‘Internal Revenue Code’ means the federal Internal Revenue Code as
25 amended and in effect on December 31, [2016] **2017**.

26 “(2) As used in ORS 311.666, ‘Internal Revenue Code’ means the federal
27 Internal Revenue Code as amended and in effect on December 31, [2016]
28 **2017**, including amendments that take effect after that date.

29 **“SECTION 17.** ORS 314.011 is amended to read:

30 “314.011. (1) As used in this chapter, unless the context requires other-

1 wise, ‘department’ means the Department of Revenue.

2 “(2) As used in this chapter:

3 “(a) Any term has the same meaning as when used in a comparable con-
4 text in the laws of the United States relating to federal income taxes, unless
5 a different meaning is clearly required or the term is specifically defined in
6 this chapter.

7 “(b) Except where the Legislative Assembly has provided otherwise, a
8 reference to the laws of the United States or to the Internal Revenue Code
9 refers to the laws of the United States or to the Internal Revenue Code as
10 they are amended and in effect:

11 “(A) On December 31, [2016] **2017**; or

12 “(B) If related to the definition of taxable income, as applicable to the tax
13 year of the taxpayer.

14 “(c) With respect to ORS 314.105, 314.256 (relating to proxy tax on lob-
15 bing expenditures), 314.260 (1)(b), 314.265 (1)(b), 314.302, 314.306, 314.330,
16 314.360, 314.362, 314.385, 314.402, 314.410, 314.412, 314.525, 314.742 (7), 314.750
17 and 314.752 and other provisions of this chapter, except those described in
18 paragraph (b) of this subsection, any reference to the laws of the United
19 States or to the Internal Revenue Code means the laws of the United States
20 relating to income taxes or the Internal Revenue Code as they are amended
21 on or before December 31, [2016] **2017**, even when the amendments take effect
22 or become operative after that date, except where the Legislative Assembly
23 has specifically provided otherwise.

24 “(3) Insofar as is practicable in the administration of this chapter, the
25 department shall apply and follow the administrative and judicial interpre-
26 tations of the federal income tax law. When a provision of the federal income
27 tax law is the subject of conflicting opinions by two or more federal courts,
28 the department shall follow the rule observed by the United States Commis-
29 sioner of Internal Revenue until the conflict is resolved. Nothing contained
30 in this section limits the right or duty of the department to audit the return

1 of any taxpayer or to determine any fact relating to the tax liability of any
2 taxpayer.

3 “(4) When portions of the Internal Revenue Code incorporated by refer-
4 ence as provided in subsection (2) of this section refer to rules or regulations
5 prescribed by the Secretary of the Treasury, then such rules or regulations
6 shall be regarded as rules adopted by the department under and in accord-
7 ance with the provisions of this chapter, whenever they are prescribed or
8 amended.

9 “(5)(a) When portions of the Internal Revenue Code incorporated by ref-
10 erence as provided in subsection (2) of this section are later corrected by an
11 Act or a Title within an Act of the United States Congress designated as an
12 Act or Title making technical corrections, then notwithstanding the date
13 that the Act or Title becomes law, those portions of the Internal Revenue
14 Code, as so corrected, shall be the portions of the Internal Revenue Code
15 incorporated by reference as provided in subsection (2) of this section and
16 shall take effect, unless otherwise indicated by the Act or Title (in which
17 case the provisions shall take effect as indicated in the Act or Title), as if
18 originally included in the provisions of the Act being technically corrected.
19 If, on account of this subsection, any adjustment is required to an Oregon
20 return that would otherwise be prevented by operation of law or rule, the
21 adjustment shall be made, notwithstanding any law or rule to the contrary,
22 in the manner provided under ORS 314.135.

23 “(b) As used in this subsection, ‘Act or Title’ includes any subtitle, divi-
24 sion or other part of an Act or Title.

25 **“SECTION 18.** ORS 314.306 is amended to read:

26 “314.306. (1) If a taxpayer excludes an amount from federal gross income
27 by reason of the discharge of indebtedness of the taxpayer under section
28 108(a)(1)(A) of the Internal Revenue Code (relating to discharge of indebt-
29 edness in a bankruptcy declared under U.S.C. Title 11), then, with respect
30 to that portion of the excluded amount that is apportioned to Oregon, the

1 taxpayer shall apply the rules in 11 U.S.C. 346(j), as amended and in effect
2 on December 31, [2016] **2017**.

3 “(2) If a taxpayer excludes an amount from federal gross income by reason
4 of the discharge of indebtedness of the taxpayer under section 108(a)(1)(B)
5 or (C) of the Internal Revenue Code (relating to discharge of indebtedness
6 in insolvency or discharge of qualified farm indebtedness), then, with respect
7 to that portion of the excluded amount that is apportioned to Oregon, the
8 following paragraphs shall apply, in the following order:

9 “(a) If the taxpayer has made the election under section 108(b)(5) of the
10 Internal Revenue Code to first reduce the basis of the depreciable property
11 of the taxpayer, the election shall also be effective for Oregon tax purposes.
12 A corresponding reduction in the basis of the depreciable property of the
13 taxpayer shall be made for Oregon tax purposes.

14 “(b) The amount, if any, by which the following attributes are reduced
15 under section 108(b)(1) of the Internal Revenue Code for federal tax purposes
16 shall be added back for Oregon tax purposes:

17 “(A) Federal net operating loss.

18 “(B) Capital loss carryover.

19 “(C) Basis of the property of the taxpayer, excluding amounts subject to
20 the election under section 108(b)(5) of the Internal Revenue Code.

21 “(D) Passive activity loss carryover.

22 “(c) Excluding amounts subject to the election in section 108(b)(5) of the
23 Internal Revenue Code:

24 “(A) Any Oregon net operating loss of an individual or corporate tax-
25 payer, including a net operating loss carryover to the taxpayer, shall be re-
26 duced by the amount of discharged indebtedness.

27 “(B) Any net capital loss for the taxable year of the discharge, and any
28 capital loss carryover to the taxable year, shall be reduced by the amount
29 of discharged indebtedness minus the total amount taken into account under
30 subparagraph (A) of this paragraph.

1 “(C) The basis of the property of the taxpayer shall be reduced by the
2 amount of discharged indebtedness minus the total amount taken into ac-
3 count under subparagraphs (A) and (B) of this paragraph.

4 “(D) The passive activity loss carryover under section 469(b) of the
5 Internal Revenue Code from the taxable year of the discharge shall be re-
6 duced by the amount of discharged indebtedness minus the total amount
7 taken into account under subparagraphs (A), (B) and (C) of this paragraph.

8 **“SECTION 19.** ORS 315.004 is amended to read:

9 “315.004. (1) Except when the context requires otherwise, the definitions
10 contained in ORS chapters 314, 316, 317 and 318 are applicable in the con-
11 struction, interpretation and application of the personal and corporate in-
12 come and excise tax credits contained in this chapter.

13 “(2)(a) For purposes of the tax credits contained in this chapter, any term
14 has the same meaning as when used in a comparable context in the laws of
15 the United States relating to federal income taxes, unless a different meaning
16 is clearly required or the term is specifically defined for purposes of con-
17 struing, interpreting and applying the credit.

18 “(b) With respect to the tax credits contained in this chapter, any refer-
19 ence to the laws of the United States or to the Internal Revenue Code means
20 the laws of the United States relating to income taxes or the Internal Rev-
21 enue Code as they are amended on or before December 31, [2016] **2017**, even
22 when the amendments take effect or become operative after that date.

23 “(3) Insofar as is practicable in the administration of this chapter, the
24 Department of Revenue shall apply and follow the administrative and judi-
25 cial interpretations of the federal income tax law. When a provision of the
26 federal income tax law is the subject of conflicting opinions by two or more
27 federal courts, the department shall follow the rule observed by the United
28 States Commissioner of Internal Revenue until the conflict is resolved.
29 Nothing contained in this section limits the right or duty of the department
30 to audit the return of any taxpayer or to determine any fact relating to the

1 tax liability of any taxpayer.

2 “(4) When portions of the Internal Revenue Code incorporated by refer-
3 ence as provided in subsection (2) of this section refer to rules or regulations
4 prescribed by the Secretary of the Treasury, then such rules or regulations
5 shall be regarded as rules adopted by the department under and in accord-
6 ance with the provisions of this chapter, whenever they are prescribed or
7 amended.

8 “(5)(a) When portions of the Internal Revenue Code incorporated by ref-
9 erence as provided in subsection (2) of this section are later corrected by an
10 Act or a Title within an Act of the United States Congress designated as an
11 Act or Title making technical corrections, then notwithstanding the date
12 that the Act or Title becomes law, those portions of the Internal Revenue
13 Code, as so corrected, shall be the portions of the Internal Revenue Code
14 incorporated by reference as provided in subsection (2) of this section and
15 shall take effect, unless otherwise indicated by the Act or Title (in which
16 case the provisions shall take effect as indicated in the Act or Title), as if
17 originally included in the provisions of the Act being technically corrected.
18 If, on account of this subsection, any adjustment is required to an Oregon
19 return that would otherwise be prevented by operation of law or rule, the
20 adjustment shall be made, notwithstanding any law or rule to the contrary,
21 in the manner provided under ORS 314.135.

22 “(b) As used in this subsection, ‘Act or Title’ includes any subtitle, divi-
23 sion or other part of an Act or Title.

24 **“SECTION 20.** ORS 316.012 is amended to read:

25 “316.012. Any term used in this chapter has the same meaning as when
26 used in a comparable context in the laws of the United States relating to
27 federal income taxes, unless a different meaning is clearly required or the
28 term is specifically defined in this chapter. Except where the Legislative
29 Assembly has provided otherwise, any reference in this chapter to the laws
30 of the United States or to the Internal Revenue Code refers to the laws of

1 the United States or to the Internal Revenue Code as they are amended and
2 in effect:

3 “(1) On December 31, [2016] **2017**; or

4 “(2) If related to the definition of taxable income, as applicable to the tax
5 year of the taxpayer.

6 **“SECTION 21.** ORS 316.147 is amended to read:

7 “316.147. As used in ORS 316.147 to 316.149, unless the context requires
8 otherwise:

9 “(1) ‘Eligible taxpayer’ includes any individual who must pay taxes oth-
10 erwise imposed by this chapter and:

11 “(a) Who pays or incurs expenses for the care of a qualified individual,
12 through a payment method determined by rule of the Department of Revenue;
13 and

14 “(b) Who has a household income, for the taxable year, not to exceed the
15 maximum amount of household income allowed in ORS 310.640 (1989 Edition)
16 for a homeowner or renter refund.

17 “(2) ‘Household income’ means the aggregate income of the eligible tax-
18 payer and the spouse of the taxpayer who reside in the household, that was
19 received during a calendar year. ‘Household income’ includes payments re-
20 ceived by the eligible taxpayer or the spouse of the taxpayer under the fed-
21 eral Social Security Act for the benefit of a minor child or minor children
22 who reside in the household.

23 “(3) ‘Income’ means ‘adjusted gross income’ as defined in the federal
24 Internal Revenue Code, as amended and in effect on December 31, [2016]
25 **2017**, even when the amendments take effect or become operative after that
26 date, relating to the measurement of taxable income of individuals, estates
27 and trusts, with the following modifications:

28 “(a) There shall be added to adjusted gross income the following items
29 of otherwise exempt income:

30 “(A) The gross amount of any otherwise exempt pension less return of

1 investment, if any.

2 “(B) Child support received by the taxpayer.

3 “(C) Inheritances.

4 “(D) Gifts and grants, the sum of which are in excess of \$500 per year.

5 “(E) Amounts received by a taxpayer or spouse of a taxpayer for support
6 from a parent who is not a member of the taxpayer’s household.

7 “(F) Life insurance proceeds.

8 “(G) Accident and health insurance proceeds, except reimbursement of
9 incurred medical expenses.

10 “(H) Personal injury damages.

11 “(I) Sick pay that is not included in federal adjusted gross income.

12 “(J) Strike benefits excluded from federal gross income.

13 “(K) Worker’s compensation, except for reimbursement of medical ex-
14 pense.

15 “(L) Military pay and benefits.

16 “(M) Veteran’s benefits.

17 “(N) Payments received under the federal Social Security Act that are
18 excluded from federal gross income.

19 “(O) Welfare payments, except as follows:

20 “(i) Payments for medical care, drugs and medical supplies, if the pay-
21 ments are not made directly to the welfare recipient;

22 “(ii) In-home services authorized and approved by the Department of Hu-
23 man Services; and

24 “(iii) Direct or indirect reimbursement of expenses paid or incurred for
25 participation in work or training programs.

26 “(P) Nontaxable dividends.

27 “(Q) Nontaxable interest not included in federal adjusted gross income.

28 “(R) Rental allowance paid to a minister that is excluded from federal
29 gross income.

30 “(S) Income from sources without the United States that is excluded from

1 federal gross income.

2 “(b) Adjusted gross income shall be increased due to the disallowance of
3 the following deductions:

4 “(A) The amount of the net loss, in excess of \$1,000, from all dispositions
5 of tangible or intangible properties.

6 “(B) The amount of the net loss, in excess of \$1,000, from the operation
7 of a farm or farms.

8 “(C) The amount of the net loss, in excess of \$1,000, from all operations
9 of a trade or business, profession or other activity entered into for the pro-
10 duction or collection of income.

11 “(D) The amount of the net loss, in excess of \$1,000, from tangible or in-
12 tangible property held for the production of rents, royalties or other income.

13 “(E) The amount of any net operating loss carryovers or carrybacks in-
14 cluded in federal adjusted gross income.

15 “(F) The amount, in excess of \$5,000, of the combined deductions or other
16 allowances for depreciation, amortization or depletion.

17 “(G) The amount added or subtracted, as required within the context of
18 this section, for adjustments made under ORS 316.680 (2)(d) and 316.707 to
19 316.737.

20 “(c) ‘Income’ does not include the following:

21 “(A) Any governmental grant that must be used by the taxpayer for re-
22 habilitation of the homestead of the taxpayer.

23 “(B) Any refund of Oregon personal income taxes that were imposed under
24 this chapter.

25 “(4) ‘Qualified individual’ includes an individual at least 60 years of age
26 on the date that the expenses described in subsection (1)(a) of this section
27 are paid or incurred by the eligible taxpayer:

28 “(a) Whose household income does not exceed \$7,500 for the calendar year
29 in which the taxable year of the taxpayer begins;

30 “(b) Who is eligible for authorized services as defined in ORS 410.410

1 under Oregon Project Independence;

2 “(c) Who is certified by the Department of Human Services; and

3 “(d) Whose care or any portion thereof is not paid for under ORS chapter
4 414.

5 **“SECTION 22.** ORS 316.157 is amended to read:

6 “316.157. (1) In the case of an eligible individual, there shall be allowed
7 as a credit against the taxes otherwise due under this chapter for the taxable
8 year an amount equal to the lesser of the tax liability of the taxpayer or nine
9 percent of net pension income.

10 “(2) For purposes of this section:

11 “(a) ‘Eligible individual’ means any individual who is receiving pension
12 income and who has attained 62 years of age before the close of the taxable
13 year.

14 “(b) ‘Household income’ means the aggregate income of the taxpayer and
15 the spouse of the taxpayer who reside in the household, that was received
16 during the taxable year for which a credit is claimed, except that ‘household
17 income’ does not include Social Security benefits received by the taxpayer
18 or the spouse of the taxpayer.

19 “(c) ‘Income’ means ‘adjusted gross income’ as defined in the federal
20 Internal Revenue Code, as amended and in effect on December 31, [2016]
21 **2017**, even when the amendments take effect or become operative after that
22 date, relating to the measurement of taxable income of individuals, estates
23 and trusts, with the following modifications:

24 “(A) There shall be added to adjusted gross income the following items
25 of otherwise exempt income:

26 “(i) The gross amount of any otherwise exempt pension less return of in-
27 vestment, if any.

28 “(ii) Child support received by the taxpayer.

29 “(iii) Inheritances.

30 “(iv) Gifts and grants, the sum of which are in excess of \$500 per year.

1 “(v) Amounts received by a taxpayer or spouse of a taxpayer for support
2 from a parent who is not a member of the taxpayer’s household.

3 “(vi) Life insurance proceeds.

4 “(vii) Accident and health insurance proceeds, except reimbursement of
5 incurred medical expenses.

6 “(viii) Personal injury damages.

7 “(ix) Sick pay that is not included in federal adjusted gross income.

8 “(x) Strike benefits excluded from federal gross income.

9 “(xi) Worker’s compensation, except for reimbursement of medical ex-
10 pense.

11 “(xii) Military pay and benefits.

12 “(xiii) Veteran’s benefits.

13 “(xiv) Payments received under the federal Social Security Act that are
14 excluded from federal gross income.

15 “(xv) Welfare payments, except as follows:

16 “(I) Payments for medical care, drugs and medical supplies, if the pay-
17 ments are not made directly to the welfare recipient;

18 “(II) In-home services authorized and approved by the Department of Hu-
19 man Services; and

20 “(III) Direct or indirect reimbursement of expenses paid or incurred for
21 participation in work or training programs.

22 “(xvi) Nontaxable dividends.

23 “(xvii) Nontaxable interest not included in federal adjusted gross income.

24 “(xviii) Rental allowance paid to a minister that is excluded from federal
25 gross income.

26 “(xix) Income from sources without the United States that is excluded
27 from federal gross income.

28 “(B) Adjusted gross income shall be increased due to the disallowance of
29 the following deductions:

30 “(i) The amount of the net loss, in excess of \$1,000, from all dispositions

1 of tangible or intangible properties.

2 “(ii) The amount of the net loss, in excess of \$1,000, from the operation
3 of a farm or farms.

4 “(iii) The amount of the net loss, in excess of \$1,000, from all operations
5 of a trade or business, profession or other activity entered into for the pro-
6 duction or collection of income.

7 “(iv) The amount of the net loss, in excess of \$1,000, from tangible or in-
8 tangible property held for the production of rents, royalties or other income.

9 “(v) The amount of any net operating loss carryovers or carrybacks in-
10 cluded in federal adjusted gross income.

11 “(vi) The amount, in excess of \$5,000, of the combined deductions or other
12 allowances for depreciation, amortization or depletion.

13 “(vii) The amount added or subtracted, as required within the context of
14 this section, for adjustments made under ORS 316.680 (2)(d) and 316.707 to
15 316.737.

16 “(C) ‘Income’ does not include the following:

17 “(i) Any governmental grant that must be used by the taxpayer for reha-
18 bilitation of the homestead of the taxpayer.

19 “(ii) Any refund of Oregon personal income taxes that were imposed under
20 this chapter.

21 “(d) ‘Net pension income’ means:

22 “(A) For eligible individuals filing a joint return, the lesser of the pension
23 income of the eligible individuals received during the taxable year or the
24 excess, if any, of \$15,000 over the sum of the following amounts:

25 “(i) Any Social Security benefits received by the eligible individual, or
26 by the spouse of the individual, during the taxable year; and

27 “(ii) The excess, if any, of household income over \$30,000.

28 “(B) For an eligible individual filing a return other than a joint return,
29 the lesser of the pension income of the eligible individual received during the
30 taxable year or the excess, if any, of \$7,500 over the sum of the following

1 amounts:

2 “(i) Any Social Security benefits received by the eligible individual during
3 the taxable year; and

4 “(ii) The excess, if any, of household income over \$15,000.

5 “(e) ‘Pension income’ means income included in Oregon taxable income
6 from:

7 “(A) Distributions from or pursuant to an employee pension benefit plan,
8 as defined in section 3(2) of the Employee Retirement Income Security Act
9 of 1974, which satisfies the requirements of section 401 of the Internal Rev-
10 enue Code;

11 “(B) Distributions from or pursuant to a public retirement system of this
12 state or a political subdivision of this state, or a public retirement system
13 created by an Act of this state or a political subdivision of this state, or the
14 public retirement system of any other state or local government;

15 “(C) Distributions from or pursuant to a federal retirement system created
16 by the federal government for any officer or employee of the United States,
17 including any person retired from service in the United States Civil Service,
18 the Armed Forces of the United States or any agency or subdivision thereof;

19 “(D) Distributions or withdrawals from or pursuant to an eligible deferred
20 compensation plan which satisfies the requirements of section 457 of the
21 Internal Revenue Code;

22 “(E) Distributions or withdrawals from or pursuant to an individual re-
23 tirement account, annuity or trust or simplified employee pension which
24 satisfies the requirements of section 408 of the Internal Revenue Code; and

25 “(F) Distributions or withdrawals from or pursuant to an employee an-
26 nuity, including custodial accounts treated as annuities, subject to section
27 403 (a) or (b) of the Internal Revenue Code.

28 “(f) ‘Social Security benefits’ means Social Security benefits, as defined
29 in section 86 of the Internal Revenue Code (Title II Social Security or tier
30 1 railroad retirement benefits).

1 “(3) If a change in the taxable year of the eligible individual occurs as
2 described in ORS 314.085, or if the Department of Revenue terminates the tax
3 year of the eligible individual under ORS 314.440, the credit allowed by this
4 section shall be prorated or computed in a manner consistent with ORS
5 314.085.

6 “(4) If a change in the status of the eligible individual from resident to
7 nonresident or from nonresident to resident occurs, the credit allowed by this
8 section shall be determined in a manner consistent with subsection (1) of this
9 section.

10 **“SECTION 23.** ORS 317.010 is amended to read:

11 “317.010. As used in this chapter, unless the context requires otherwise:

12 “(1) ‘Centrally assessed corporation’ means every corporation the property
13 of which is assessed by the Department of Revenue under ORS 308.505 to
14 308.681.

15 “(2) ‘Department’ means the Department of Revenue.

16 “(3)(a) ‘Consolidated federal return’ means the return permitted or re-
17 quired to be filed by a group of affiliated corporations under section 1501 of
18 the Internal Revenue Code.

19 “(b) ‘Consolidated state return’ means the return required to be filed un-
20 der ORS 317.710 (5).

21 “(4) ‘Doing business’ means any transaction or transactions in the course
22 of its activities conducted within the state by a national banking association,
23 or any other corporation; provided, however, that a foreign corporation
24 whose activities in this state are confined to purchases of personal property,
25 and the storage thereof incident to shipment outside the state, shall not be
26 deemed to be doing business unless such foreign corporation is an affiliate
27 of another foreign or domestic corporation which is doing business in
28 Oregon. Whether or not corporations are affiliated shall be determined as
29 provided in section 1504 of the Internal Revenue Code.

30 “(5) ‘Excise tax’ means a tax measured by or according to net income

1 imposed upon national banking associations, all other banks, and financial,
2 centrally assessed, mercantile, manufacturing and business corporations for
3 the privilege of carrying on or doing business in this state.

4 “(6) ‘Financial institution’ has the meaning given that term in ORS
5 314.610 except that it does not include a credit union as defined in ORS
6 723.006, an interstate credit union as defined in ORS 723.001 or a federal
7 credit union.

8 “(7) ‘Internal Revenue Code,’ except where the Legislative Assembly has
9 provided otherwise, refers to the laws of the United States or to the Internal
10 Revenue Code as they are amended and in effect:

11 “(a) On December 31, [2016] **2017**; or

12 “(b) If related to the definition of taxable income, as applicable to the tax
13 year of the taxpayer.

14 “(8) ‘Oregon taxable income’ means taxable income, less the deduction
15 allowed under ORS 317.476, except as otherwise provided with respect to
16 insurers in subsection (11) of this section and ORS 317.650 to 317.665.

17 “(9) ‘Oregon net loss’ means taxable loss, except as otherwise provided
18 with respect to insurers in subsection (11) of this section and ORS 317.650
19 to 317.665.

20 “(10) ‘Taxable income or loss’ means the taxable income or loss deter-
21 mined, or in the case of a corporation for which no federal taxable income
22 or loss is determined, as would be determined, under chapter 1, Subtitle A
23 of the Internal Revenue Code and any other laws of the United States re-
24 lating to the determination of taxable income or loss of corporate taxpayers,
25 with the additions, subtractions, adjustments and other modifications as are
26 specifically prescribed by this chapter except that in determining taxable
27 income or loss for any year, no deduction under ORS 317.476 or 317.478 and
28 section 45b, chapter 293, Oregon Laws 1987, shall be allowed. If the corpo-
29 ration is a corporation to which ORS 314.280 or 314.605 to 314.675 (requiring
30 or permitting apportionment of income from transactions or activities carried

1 on both within and without the state) applies, to derive taxable income or
2 loss, the following shall occur:

3 “(a) From the amount otherwise determined under this subsection, sub-
4 tract nonapportionable income, or add nonapportionable loss, whichever is
5 applicable.

6 “(b) Multiply the amount determined under paragraph (a) of this sub-
7 section by the Oregon apportionment percentage defined under ORS 314.280,
8 314.650 or 314.667, whichever is applicable. The resulting product shall be
9 Oregon apportioned income or loss.

10 “(c) To the amount determined as Oregon apportioned income or loss un-
11 der paragraph (b) of this subsection, add nonapportionable income allocable
12 entirely to Oregon under ORS 314.280 or 314.625 to 314.645, or subtract
13 nonapportionable loss allocable entirely to Oregon under ORS 314.280 or
14 314.625 to 314.645. The resulting figure is ‘taxable income or loss’ for those
15 corporations carrying on taxable transactions or activities both within and
16 without Oregon.

17 “(11) As used in ORS 317.122 and 317.650 to 317.665, ‘insurer’ means any
18 domestic, foreign or alien insurer as defined in ORS 731.082 and any inter-
19 insurance and reciprocal exchange and its attorney in fact with respect to
20 its attorney in fact net income as a corporate attorney in fact acting as at-
21 torney in compliance with ORS 731.458, 731.462, 731.466 and 731.470 for the
22 reciprocal or interinsurance exchange. However, ‘insurer’ does not include
23 title insurers or health care service contractors operating pursuant to ORS
24 750.005 to 750.095.

25 **“SECTION 24.** ORS 317.097 is amended to read:

26 “317.097. (1) As used in this section:

27 “(a) ‘Annual rate’ means the yearly interest rate specified on the note,
28 and not the annual percentage rate, if any, disclosed to the applicant to
29 comply with the federal Truth in Lending Act.

30 “(b) ‘Finance charge’ means the total of all interest, loan fees, interest

1 on any loan fees financed by the lending institution, and other charges re-
2 lated to the cost of obtaining credit.

3 “(c) ‘Lending institution’ means any insured institution, as that term is
4 defined in ORS 706.008, any mortgage banking company that maintains an
5 office in this state or any community development corporation that is or-
6 ganized under the Oregon Nonprofit Corporation Law.

7 “(d) ‘Manufactured dwelling park’ has the meaning given that term in
8 ORS 446.003.

9 “(e) ‘Nonprofit corporation’ means a corporation that is exempt from in-
10 come taxes under section 501(c)(3) or (4) of the Internal Revenue Code as
11 amended and in effect on December 31, [2016] **2017**.

12 “(f) ‘Preservation project’ means housing that was previously developed
13 as affordable housing with a contract for rent assistance from the United
14 States Department of Housing and Urban Development or the United States
15 Department of Agriculture and that is being acquired by a sponsoring entity.

16 “(g) ‘Qualified assignee’ means any investor participating in the second-
17 ary market for real estate loans.

18 “(h) ‘Qualified borrower’ means any borrower that is a sponsoring entity
19 that has a controlling interest in the real property that is financed by a
20 qualified loan. A controlling interest includes, but is not limited to, a con-
21 trolling interest in the general partner of a limited partnership that owns
22 the real property.

23 “(i) ‘Qualified loan’ means:

24 “(A) A loan that meets the criteria stated in subsection (5) of this section
25 or that is made to refinance a loan that meets the criteria described in sub-
26 section (5) of this section; or

27 “(B) The purchase by a lending institution of bonds, as defined in ORS
28 286A.001, issued on behalf of the Housing and Community Services Depart-
29 ment, the proceeds of which are used to finance or refinance a loan that
30 meets the criteria described in subsection (5) of this section.

1 “(j) ‘Sponsoring entity’ means a nonprofit corporation, nonprofit cooper-
2 ative, state governmental entity, local unit of government as defined in ORS
3 466.706, housing authority or any other person, provided that the person has
4 agreed to restrictive covenants imposed by a nonprofit corporation, nonprofit
5 cooperative, state governmental entity, local unit of government or housing
6 authority.

7 “(2) The Department of Revenue shall allow a credit against taxes other-
8 wise due under this chapter for the taxable year to a lending institution that
9 makes a qualified loan certified by the Housing and Community Services
10 Department as provided in subsection (7) of this section. The amount of the
11 credit is equal to the difference between:

12 “(a) The amount of finance charge charged by the lending institution
13 during the taxable year at an annual rate less than the market rate for a
14 qualified loan that is made before January 1, 2026, that complies with the
15 requirements of this section; and

16 “(b) The amount of finance charge that would have been charged during
17 the taxable year by the lending institution for the qualified loan for housing
18 construction, development, acquisition or rehabilitation measured at the an-
19 nual rate charged by the lending institution for nonsubsidized loans made
20 under like terms and conditions at the time the qualified loan for housing
21 construction, development, acquisition or rehabilitation is made.

22 “(3) The maximum amount of credit for the difference between the
23 amounts described in subsection (2)(a) and (b) of this section may not exceed
24 four percent of the average unpaid balance of the qualified loan during the
25 tax year for which the credit is claimed.

26 “(4) Any tax credit allowed under this section that is not used by the
27 taxpayer in a particular year may be carried forward and offset against the
28 taxpayer’s tax liability for the next succeeding tax year. Any credit remain-
29 ing unused in the next succeeding tax year may be carried forward and used
30 in the second succeeding tax year, and likewise, any credit not used in that

1 second succeeding tax year may be carried forward and used in the third
2 succeeding tax year, and any credit not used in that third succeeding tax
3 year may be carried forward and used in the fourth succeeding tax year, and
4 any credit not used in that fourth succeeding tax year may be carried for-
5 ward and used in the fifth succeeding tax year, but may not be carried for-
6 ward for any tax year thereafter.

7 “(5) To be eligible for the tax credit allowable under this section, a
8 lending institution must make a qualified loan by either purchasing bonds,
9 as defined in ORS 286A.001, issued on behalf of the Housing and Community
10 Services Department, the proceeds of which are used to finance or refinance
11 a loan that meets the criteria stated in this subsection, or by making a loan
12 directly to:

13 “(a) An individual or individuals who own a dwelling, participate in an
14 owner-occupied community rehabilitation program and are certified by the
15 local government or its designated agent as having an income level when the
16 loan is made of less than 80 percent of the area median income;

17 “(b) A qualified borrower who:

18 “(A) Uses the loan proceeds to finance construction, development, acqui-
19 sition or rehabilitation of housing; and

20 “(B) Provides a written certification executed by the Housing and Com-
21 munity Services Department that the:

22 “(i) Housing created by the loan is or will be occupied by households
23 earning less than 80 percent of the area median income; and

24 “(ii) Full amount of savings from the reduced interest rate provided by
25 the lending institution is or will be passed on to the tenants in the form of
26 reduced housing payments;

27 “(c) Subject to subsection (14) of this section, a qualified borrower who:

28 “(A) Uses the loan proceeds to finance construction, development, acqui-
29 sition or rehabilitation of housing consisting of a manufactured dwelling
30 park; and

1 “(B) Provides a written certification executed by the Housing and Com-
2 munity Services Department that the housing will continue to be operated
3 as a manufactured dwelling park during the period for which the tax credit
4 is allowed; or

5 “(d) A qualified borrower who:

6 “(A) Uses the loan proceeds to finance acquisition or rehabilitation of
7 housing consisting of a preservation project; and

8 “(B) Provides a written certification executed by the Housing and Com-
9 munity Services Department that the housing preserved by the loan:

10 “(i) Is or will be occupied by households earning less than 80 percent of
11 the area median income; and

12 “(ii) Is the subject of a rent assistance contract with the United States
13 Department of Housing and Urban Development or the United States De-
14 partment of Agriculture that will be maintained by the qualified borrower.

15 “(6) A loan made to refinance a loan that meets the criteria stated in
16 subsection (5) of this section must be treated the same as a loan that meets
17 the criteria stated in subsection (5) of this section.

18 “(7) For a qualified loan to be eligible for the tax credit allowable under
19 this section, the Housing and Community Services Department must execute
20 a written certification for the qualified loan that:

21 “(a) Specifies the period, not to exceed 20 years, as determined by the
22 Housing and Community Services Department, during which the tax credit
23 is allowed for the qualified loan; and

24 “(b) States that the qualified loan is within the limitation imposed by
25 subsection (8) of this section.

26 “(8) The Housing and Community Services Department may certify quali-
27 fied loans that are eligible under subsection (5) of this section if the total
28 credits attributable to all qualified loans eligible for credits under this sec-
29 tion and then outstanding do not exceed \$25 million for any fiscal year. In
30 making loan certifications under subsection (7) of this section, the Housing

1 and Community Services Department shall attempt to distribute the tax
2 credits statewide, but shall concentrate the tax credits in those areas of the
3 state that are determined by the Oregon Housing Stability Council to have
4 the greatest need for affordable housing.

5 “(9) The tax credit provided for in this section may be taken whether or
6 not:

7 “(a) The financial institution is eligible to take a federal income tax
8 credit under section 42 of the Internal Revenue Code with respect to the
9 project financed by the qualified loan; or

10 “(b) The project receives financing from bonds, the interest on which is
11 exempt from federal taxation under section 103 of the Internal Revenue Code.

12 “(10) For a qualified loan defined in subsection (1)(i)(B) of this section
13 financed through the purchase of bonds, the interest of which is exempt from
14 federal taxation under section 103 of the Internal Revenue Code, the amount
15 of finance charge that would have been charged under subsection (2)(b) of
16 this section is determined by reference to the finance charge that would have
17 been charged if the federally tax exempt bonds had been issued and the tax
18 credit under this section did not apply.

19 “(11) A lending institution may sell a qualified loan for which a certi-
20 fication has been executed to a qualified assignee whether or not the lending
21 institution retains servicing of the qualified loan so long as a designated
22 lending institution maintains records, annually verified by a loan servicer,
23 that establish the amount of tax credit earned by the taxpayer throughout
24 each year of eligibility.

25 “(12) Notwithstanding any other provision of law, a lending institution
26 that is a community development corporation organized under the Oregon
27 Nonprofit Corporation Law may transfer all or part of a tax credit allowed
28 under this section to one or more other lending institutions that are stock-
29 holders or members of the community development corporation or that oth-
30 erwise participate through the community development corporation in the

1 making of one or more qualified loans for which the tax credit under this
2 section is allowed.

3 “(13) The lending institution shall file an annual statement with the
4 Housing and Community Services Department, specifying that it has con-
5 formed with all requirements imposed by law to qualify for a tax credit under
6 this section.

7 “(14) Notwithstanding subsection (1)(h) and (j) of this section, a qualified
8 borrower on a loan to finance the construction, development, acquisition or
9 rehabilitation of a manufactured dwelling park under subsection (5)(c) of this
10 section must be a nonprofit corporation, manufactured dwelling park
11 nonprofit cooperative, state governmental entity, local unit of government
12 as defined in ORS 466.706 or housing authority.

13 “(15) The Housing and Community Services Department and the Depart-
14 ment of Revenue may adopt rules to carry out the provisions of this section.

15 **“SECTION 25.** ORS 458.670 is amended to read:

16 “458.670. As used in this section and ORS 458.675 to 458.700, unless the
17 context requires otherwise:

18 “(1) ‘Account holder’ means a resident of this state who:

19 “(a) Is 12 years of age or older;

20 “(b) Is a member of a lower income household; and

21 “(c) Has established an individual development account with a fiduciary
22 organization.

23 “(2) ‘Fiduciary organization’ means an organization selected under ORS
24 458.695 to administer state moneys directed to individual development ac-
25 counts and that is:

26 “(a) A nonprofit, fund raising organization that is exempt from taxation
27 under section 501(c)(3) of the Internal Revenue Code as amended and in ef-
28 fect on December 31, [2016] **2017**; or

29 “(b) A federally recognized Oregon Indian tribe that is located, to a sig-
30 nificant degree, within the boundaries of this state.

1 “(3) ‘Financial institution’ means:

2 “(a) An organization regulated under ORS chapters 706 to 716 or 723; or

3 “(b) In the case of individual development accounts established for the
4 purpose described in ORS 458.685 (1)(c), a financial institution as defined in
5 ORS 178.300.

6 “(4) ‘Individual development account’ means a contract between an ac-
7 count holder and a fiduciary organization, for the deposit of funds into a fi-
8 nancial institution by the account holder, and the deposit of matching funds
9 into the financial institution by the fiduciary organization, to allow the ac-
10 count holder to accumulate assets for use toward achieving a specific pur-
11 pose approved by the fiduciary organization.

12 “(5) ‘Lower income household’ means a household having an income equal
13 to or less than the greater of the following:

14 “(a) 80 percent of the median household income for the area as determined
15 by the Housing and Community Services Department. In making the deter-
16 mination, the department shall give consideration to any data on area
17 household income published by the United States Department of Housing and
18 Urban Development.

19 “(b) 200 percent of the poverty guidelines as determined by the Housing
20 and Community Services Department. In making the determination, the de-
21 partment shall give consideration to poverty guidelines published by the
22 United States Department of Health and Human Services and may consider
23 other income data periodically published by other federal or Oregon agen-
24 cies.

25 “(6) ‘Resident of this state’ has the meaning given that term in ORS
26 316.027.

27 **“SECTION 26.** ORS 657.010 is amended to read:

28 “657.010. As used in this chapter, unless the context requires otherwise:

29 “(1) ‘Base year’ means the first four of the last five completed calendar
30 quarters preceding the benefit year.

1 “(2) ‘Benefits’ means the money allowances payable to unemployed per-
2 sons under this chapter.

3 “(3) ‘Benefit year’ means a period of 52 consecutive weeks commencing
4 with the first week with respect to which an individual files an initial valid
5 claim for benefits, and thereafter the 52 consecutive weeks period beginning
6 with the first week with respect to which the individual next files an initial
7 valid claim after the termination of the individual’s last preceding benefit
8 year except that the benefit year shall be 53 weeks if the filing of an initial
9 valid claim would result in overlapping any quarter of the base year of a
10 previously filed initial valid claim.

11 “(4) ‘Calendar quarter’ means the period of three consecutive calendar
12 months ending on March 31, June 30, September 30 or December 31, or the
13 approximate equivalent thereof, as the Director of the Employment Depart-
14 ment may, by regulation, prescribe.

15 “(5) ‘Contribution’ or ‘contributions’ means the taxes, as defined in sub-
16 section (13) of this section, that are the money payments required by this
17 chapter, or voluntary payments permitted, to be made to the Unemployment
18 Compensation Trust Fund.

19 “(6) ‘Educational institution,’ including an institution of higher education
20 as defined in subsection (9) of this section, means an institution:

21 “(a) In which participants, trainees or students are offered an organized
22 course of study or training designed to transfer to them knowledge, skills,
23 information, doctrines, attitudes or abilities from, by or under the guidance
24 of an instructor or teacher;

25 “(b) That is accredited, registered, approved, licensed or issued a permit
26 to operate as a school by the Department of Education or other government
27 agency, or that offers courses for credit that are transferable to an approved,
28 registered or accredited school;

29 “(c) In which the course or courses of study or training that it offers may
30 be academic, technical, trade or preparation for gainful employment in a re-

1 cognized occupation; and

2 “(d) In which the course or courses of study or training are offered on a
3 regular and continuing basis.

4 “(7) ‘Employment office’ means a free public employment office or branch
5 thereof, operated by this state or maintained as a part of a state-controlled
6 system of public employment offices.

7 “(8) ‘Hospital’ means an organization that has been licensed, certified or
8 approved by the Oregon Health Authority as a hospital.

9 “(9) ‘Institution of higher education’ means an educational institution
10 that:

11 “(a) Admits as regular students only individuals having a certificate of
12 graduation from a high school, or the recognized equivalent of such a cer-
13 tificate;

14 “(b) Is legally authorized in this state to provide a program of education
15 beyond high school;

16 “(c) Provides an educational program for which it awards a bachelor’s or
17 higher degree, or provides a program that is acceptable for full credit toward
18 such a degree, a program of post-graduate or post-doctoral studies, or a pro-
19 gram of training to prepare students for gainful employment in a recognized
20 occupation; and

21 “(d) Is a public or other nonprofit institution.

22 “(10) ‘Internal Revenue Code’ means the federal Internal Revenue Code,
23 as amended and in effect on December 31, [2016] **2017**.

24 “(11) ‘Nonprofit employing unit’ means an organization, or group of or-
25 ganizations, described in section 501(c)(3) of the Internal Revenue Code that
26 is exempt from income tax under section 501(a) of the Internal Revenue Code.

27 “(12) ‘State’ includes, in addition to the states of the United States of
28 America, the District of Columbia and Puerto Rico. However, for all pur-
29 poses of this chapter the Virgin Islands shall be considered a state on and
30 after the day on which the United States Secretary of Labor first approves

1 the Virgin Islands' law under section 3304(a) of the Federal Unemployment
2 Tax Act as amended by Public Law 94-566.

3 “(13) ‘Taxes’ means the money payments to the Unemployment Compensa-
4 tion Trust Fund required, or voluntary payments permitted, by this chap-
5 ter.

6 “(14) ‘Valid claim’ means any claim for benefits made in accordance with
7 ORS 657.260 if the individual meets the wages-paid-for-employment require-
8 ments of ORS 657.150.

9 “(15) ‘Week’ means any period of seven consecutive calendar days ending
10 at midnight, as the director may, by regulation, prescribe. The director may
11 by regulation prescribe that a ‘week’ shall be ‘in,’ ‘within,’ or ‘during’ the
12 calendar quarter that includes the greater part of such week.

13 **“SECTION 27. (1) Except as provided in subsections (2) and (3) of**
14 **this section, the amendments to statutes by sections 1, 1a to 26 of this**
15 **2018 Act apply to transactions or activities occurring on or after Jan-**
16 **uary 1, 2018, in tax years beginning on or after January 1, 2018.**

17 **“(2) The effective and applicable dates, and the exceptions, special**
18 **rules and coordination with the Internal Revenue Code, as amended,**
19 **relative to those dates, contained in the Disaster Tax Relief and Air-**
20 **port and Airway Extension Act of 2017 (P.L. 115-63), and An Act to**
21 **Provide for Reconciliation Pursuant to Titles II and V of the Concur-**
22 **rent Resolution on the Budget for Fiscal Year 2018 (P.L. 115-97) and**
23 **other federal law amending the Internal Revenue Code and enacted**
24 **before January 1, 2018, apply for Oregon personal income and corpo-**
25 **rate excise and income tax purposes, to the extent they can be made**
26 **applicable, in the same manner as they are applied under the Internal**
27 **Revenue Code and related federal law.**

28 **“(3)(a) If a deficiency is assessed against any taxpayer for a tax year**
29 **beginning before January 1, 2018, and the deficiency or any portion**
30 **thereof is attributable to any retroactive treatment under the amend-**

1 ments to ORS 178.300, 178.375, 305.230, 305.494, 305.690, 305.842, 314.011,
2 314.306, 315.004, 316.012, 316.147, 316.157, 317.010 and 317.097 by sections
3 1, 1a and 13 to 24 of this 2018 Act, then any interest or penalty assessed
4 under ORS chapter 305, 314, 315, 316, 317 or 318 with respect to the de-
5 ficiency or portion thereof shall be canceled.

6 “(b) If a refund is due any taxpayer for a tax year beginning before
7 January 1, 2018, and the refund or any portion thereof is due the tax-
8 payer on account of any retroactive treatment under the amendments
9 to ORS 178.300, 178.375, 305.230, 305.494, 305.690, 305.842, 314.011, 314.306,
10 315.004, 316.012, 316.147, 316.157, 317.010 and 317.097 by sections 1, 1a and
11 13 to 24 of this 2018 Act, for a tax year beginning before January 1,
12 2018, then notwithstanding ORS 305.270 or 314.415 or any other law, the
13 refund or portion thereof shall be paid without interest.

14 “(c) Any changes required because of the amendments to ORS
15 178.300, 178.375, 305.230, 305.494, 305.690, 305.842, 314.011, 314.306, 315.004,
16 316.012, 316.147, 316.157, 317.010 and 317.097 by sections 1, 1a and 13 to
17 24 of this 2018 Act, for a tax year beginning before January 1, 2018,
18 shall be made by filing an amended return within the time prescribed
19 by law.

20 “(d) If a taxpayer fails to file an amended return under paragraph
21 (c) of this subsection, the Department of Revenue shall make any
22 changes under paragraph (c) of this subsection on the return to which
23 the changes relate within the period specified for issuing a notice of
24 deficiency or claiming a refund as otherwise provided by law with re-
25 spect to that return, or within one year after a return for a tax year
26 beginning on or after January 1, 2018, and before January 1, 2019, is
27 filed, whichever period expires later.

28 “SECTION 28. This 2018 Act takes effect on the 91st day after the
29 date on which the 2018 regular session of the Seventy-ninth Legislative
30 Assembly adjourns sine die.”

