

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
80th Oregon Legislative Assembly  
2019 Regular Session  
Legislative Revenue Office

<b>Bill Number:</b>	<b>SB 851 - 6</b>
<b>Revenue Area:</b>	<b>Corporate Tax</b>
<b>Economist:</b>	<b>Kaitlyn Harger</b>
<b>Date:</b>	<b>6/6/2019</b>

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

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**Measure Description:**

Requires, for Oregon tax purposes, addition to federal taxable income of amounts deducted as global intangible low-tax income.

**Revenue Impact:**

None.

**Impact Explanation:**

SB 851 -6 makes three conceptual clarifications to statute. First, the bill clarifies that individuals who received a federal deduction for amounts due under the one-time repatriation (IRC 965(c)(1)), must add those amounts back for the purposes of calculating Oregon taxable income. This change to statute is a clarification intended to avoid litigation and is consistent with current practices of the Department of Revenue (DOR) related to repatriation. The personal income addback applies to tax years beginning on or after January 1, 2017. There is no revenue impact for this change to statute because it reflects current enforcement standards used by DOR.

Second, SB 851 -6 indicates that Oregon will treat global intangible low-taxed income (GILTI) in the same manner as a dividend and allow a state-level dividends-received deduction (DRD) on the gross amount of GILTI. Taxpayers will add the amounts deducted as GILTI at the federal level to their federal taxable income for the purposes of calculating Oregon taxable income. Then taxpayers receive an 80% DRD to apply to this income. This change to statute is consistent with DOR's expected treatment of GILTI in the absence of legislation and as a result, there is no revenue impact for this modification.

Finally, the bill adds to statute language that avoids the potential for a double deduction related to foreign-source dividends. At the federal level, taxpayers receive a 100% DRD for the foreign-source portion of their dividends. SB 851 -6 adds to statute language to indicate that taxpayers cannot take an additional state-level subtraction related to this income. This change is again consistent with DOR's treatment in the absence of legislation and as a result, there is no revenue impact for this modification.

**Creates, Extends, or Expands Tax Expenditure: Yes  No**