

HOUSE AMENDMENTS TO HOUSE BILL 2164

By JOINT COMMITTEE ON TAX EXPENDITURES

June 19

1 In line 2 of the printed bill, after “taxation;” insert “creating new provisions; amending ORS
2 307.455, 307.459, 307.517, 307.518, 307.523, 307.529, 307.535, 314.752, 315.266, 315.271, 315.675, 316.102,
3 318.031 and 358.499 and section 19, chapter 954, Oregon Laws 2001, section 7, chapter 637, Oregon
4 Laws 2005, sections 7 and 10, chapter 826, Oregon Laws 2005, section 66, chapter 832, Oregon Laws
5 2005, section 6, chapter 880, Oregon Laws 2007, sections 2b, 7b, 17 and 18, chapter 906, Oregon Laws
6 2007, sections 5, 24, 28, 34 and 36, chapter 913, Oregon Laws 2009, and sections 58, 61, 63, 64, 66,
7 67 and 70, chapter 122, Oregon Laws 2019 (Enrolled House Bill 3427); repealing ORS 825.475;”.

8 Delete lines 4 through 11 and insert:
9

“TAX CREDIT FOR HIGHER EDUCATION SAVINGS OR ABLE ACCOUNT CONTRIBUTIONS

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11
12
13 **“SECTION 1. Sections 2 and 3 of this 2019 Act are added to and made a part of ORS**
14 **chapter 315.**

15 **“SECTION 2. (1) A credit against taxes otherwise imposed under ORS chapter 316 shall**
16 **be allowed for amounts contributed by the taxpayer during the tax year to a savings network**
17 **account for higher education established under ORS 178.300 to 178.355 or an ABLE account**
18 **established under ORS 178.380. A taxpayer who makes contributions to both types of account**
19 **may claim the credit for the amounts listed in subsection (2) of this section for each type**
20 **of account.**

21 **“(2) The amount of the credit allowed under this section shall be limited based on the**
22 **taxpayer’s adjusted gross income and shall be the lesser of \$300, if reported on a joint return,**
23 **or \$150, if reported on any other type of return, or the following:**

24 **“(a) The amount contributed, if the taxpayer’s adjusted gross income does not exceed**
25 **\$30,000;**

26 **“(b) 50 percent of the amount contributed, if the taxpayer’s adjusted gross income ex-**
27 **ceeds \$30,000 but does not exceed \$70,000;**

28 **“(c) 25 percent of the amount contributed, if the taxpayer’s adjusted gross income ex-**
29 **ceeds \$70,000 but does not exceed \$100,000;**

30 **“(d) 10 percent of the amount contributed, if the taxpayer’s adjusted gross income ex-**
31 **ceeds \$100,000 but does not exceed \$250,000; or**

32 **“(e) 5 percent of the amount contributed, if the taxpayer’s adjusted gross income exceeds**
33 **\$250,000.**

34 **“(3)(a) The Department of Revenue shall annually adjust the maximum credit amounts**
35 **allowable under this section according to the cost-of-living adjustment for the calendar year.**

1 The department shall first make this adjustment for a joint return by multiplying the maxi-
2 mum credit amount in subsection (2) of this section by the percentage (if any) by which the
3 monthly averaged U.S. City Average Consumer Price Index for the 12 consecutive months
4 ending August 31 of the prior calendar year exceeds the monthly averaged U.S. City Average
5 Consumer Price Index for the 12 consecutive months ending August 31, 2018.

6 “(b) As used in this subsection, ‘U.S. City Average Consumer Price Index’ means the U.S.
7 City Average Consumer Price Index for All Urban Consumers (All Items) as published by the
8 Bureau of Labor Statistics of the United States Department of Labor.

9 “(c) If any adjustment to the maximum credit amount for a joint return, as determined
10 under paragraph (a) of this subsection, is not a multiple of \$20, the adjustment shall be
11 rounded to the next lower multiple of \$20. The department shall then adjust the maximum
12 credit amount for all other types of returns so that it is half the maximum credit amount
13 for a joint return.

14 “(4) A credit under this section is allowed for a preceding tax year for amounts contrib-
15 uted to a savings network account for higher education or to an ABLE account if the con-
16 tribution is made before the taxpayer files a return or before the 15th day of the fourth
17 month following the closing of the taxpayer’s tax year, whichever is earlier.

18 “(5) A credit is not allowed under this section for any amount that has been transferred
19 into a savings network account for higher education from an individual development account,
20 through a rollover, as provided in ORS 458.685 (4)(a)(A).

21 “(6) If the amount allowable as a credit under this section, when added to the sum of the
22 amounts allowable as payment of tax under ORS 316.187 (withholding), ORS 316.583 (esti-
23 mated tax), other tax prepayment amounts and other refundable credit amounts, exceeds the
24 taxes imposed by ORS chapters 314 and 316 for the tax year (reduced by any nonrefundable
25 credits allowable for purposes of ORS chapter 316 for the tax year), the amount of the excess
26 shall be refunded to the taxpayer as provided in ORS 316.502.

27 “(7) The credit shall be claimed on a form prescribed by the Department of Revenue that
28 contains the information required by the department.

29 “(8) Spouses in a marriage who file separate returns for a taxable year may each claim
30 a share of the tax credit that would have been allowed on a joint return in proportion to the
31 adjusted gross income of each.

32 “(9) In the case of a credit allowed under this section:

33 “(a) A nonresident shall be allowed the credit in the proportion provided in ORS 316.117.

34 “(b) If a change in the status of the taxpayer from resident to nonresident or from non-
35 resident to resident occurs, the credit shall be determined in a manner consistent with ORS
36 316.117.

37 “(c) If a change in the taxable year of the taxpayer occurs as described in ORS 314.085,
38 or if the department terminates the taxpayer’s taxable year under ORS 314.440, the credit
39 shall be prorated or computed in a manner consistent with ORS 314.085.

40 “SECTION 3. (1) As provided in subsection (2) of this section, prior tax relief afforded a
41 taxpayer by virtue of the credit allowed under section 2 of this 2019 Act shall be forfeited if
42 any of the following are taken:

43 “(a) A nonqualified withdrawal from an account, as defined in ORS 178.300;

44 “(b) A withdrawal from a savings network account for higher education established under
45 ORS 178.300 to 178.355 to pay expenses in connection with enrollment or attendance at an

1 elementary or secondary school; or

2 “(c) A distribution from an ABLE account that is not a qualified disability expense of the
3 designated beneficiary as provided in ORS 178.375 and 178.380 and rules adopted by the
4 Oregon 529 Savings Board.

5 “(2) A taxpayer shall report the amount of a disallowed withdrawal or distribution in the
6 tax year in which it is taken, and shall remit the taxes due as a result of the forfeited credit.
7 The Department of Revenue shall by rule determine the calculation of forfeited credit
8 amounts.

9 “(3) If a taxpayer does not report a disallowed withdrawal or distribution in the tax year
10 that it is taken, and notwithstanding ORS 314.410, the department shall proceed to collect
11 those taxes, including penalties and interest, not paid by the taxpayer as a result of the tax
12 credit allowed the taxpayer.

13 “SECTION 4. Except as provided in ORS 316.699 (4), a taxpayer:

14 “(1) May use a subtraction under ORS 316.699 only for contributions made in tax years
15 beginning before January 1, 2020; and

16 “(2) May carry forward and use a subtraction under ORS 316.699 (4) only in tax years
17 beginning before January 1, 2025.

18 “SECTION 5. Sections 2 and 3 of this 2019 Act apply to tax years beginning on or after
19 January 1, 2020, and before January 1, 2026.

20
21 **“TAX CREDIT FOR SHORT LINE RAILROAD REHABILITATION**

22
23 “SECTION 6. Sections 7 to 14 of this 2019 Act are added to and made a part of ORS
24 chapter 315.

25 “SECTION 7. As used in sections 7 to 14 of this 2019 Act:

26 “(1) ‘Infrastructure’ includes tracks, switches, sidings, roadbeds, railroad bridges and
27 industrial leads owned by a short line railroad.

28 “(2) ‘Short line railroad’ means a class II or class III railroad as defined in 49 C.F.R. 1201.

29 “(3) ‘Short line railroad rehabilitation project’ means a project that involves the mainte-
30 nance, reconstruction or replacement of infrastructure.

31 “(4) ‘Short line railroad rehabilitation project costs’ means costs that are directly related
32 to the work necessary to maintain, reconstruct or replace infrastructure. ‘Short line railroad
33 rehabilitation project costs’ does not include costs that are funded by or used to qualify for
34 any state or federal grants, or costs that are used to claim a federal tax credit.

35 “(5) ‘Tier I short line railroad’ means a short line railroad owned or leased by a person
36 for whom the total length of short line railroad track owned or leased in Oregon is equal to
37 or greater than 200 miles. The total amount of short line railroad track in Oregon calculated
38 under this subsection includes any short line railroad track owned or leased by the person,
39 or if the person is a corporation, by the person’s parent corporation or subsidiaries, regard-
40 less of whether the track is owned or leased by one or more railroads.

41 “(6) ‘Tier II short line railroad’ means a short line railroad that is not a tier I short line
42 railroad or is a short line railroad owned or leased by the state, a city, a county, a port or
43 any other public or municipal corporation.

44 “SECTION 8. (1) A credit against taxes imposed by ORS chapter 316 (or, if the taxpayer
45 is a corporation, under ORS chapter 317 or 318) is allowed to a taxpayer, based upon short

1 line railroad rehabilitation project costs actually paid or incurred by the taxpayer during the
2 tax year for which the credit is claimed.

3 “(2) The credit allowed under this section shall be the least of:

4 “(a) In the case of a tier I short line railroad, \$1,000 multiplied by the number of miles
5 of short line railroad track the taxpayer owns or leases in this state on the day the short line
6 railroad rehabilitation project is completed;

7 “(b) In the case of a tier II short line railroad, \$3,500 multiplied by the number of miles
8 of short line railroad track the taxpayer owns or leases in this state on the day the short line
9 railroad rehabilitation project is completed; or

10 “(c) Fifty percent of the short line railroad rehabilitation project costs paid or incurred
11 by the taxpayer during the tax year in which the credit is claimed.

12 “(3) For the credit to be allowed under this section:

13 “(a) The infrastructure must be located in Oregon; and

14 “(b) The taxpayer must:

15 “(A) Own or lease the infrastructure;

16 “(B) Be a short line railroad; and

17 “(C) Receive a final written certification from the Department of Transportation before
18 claiming the credit.

19 “(4) The amount of the credit claimed under this section for any one tax year may not
20 exceed the tax liability of the taxpayer.

21 “(5) Any tax credit otherwise allowable under this section that is not used by the tax-
22 payer in a particular tax year may be carried forward and offset against the taxpayer’s tax
23 liability for the next succeeding tax year. Any credit remaining unused in that next suc-
24 ceeding tax year may be carried forward and used in the second succeeding tax year, and
25 likewise, any credit not used in that second succeeding tax year may be carried forward and
26 used in the third succeeding tax year, and likewise, any credit not used in that third suc-
27 ceeding tax year may be carried forward and used in the fourth succeeding tax year, and
28 likewise, any credit not used in that fourth succeeding tax year may be carried forward and
29 used in the fifth succeeding tax year but may not be carried forward for any tax year
30 thereafter.

31 “(6) The credit allowed under this section is not in lieu of any depreciation or amorti-
32 zation deduction for the short line railroad rehabilitation project to which the taxpayer oth-
33 erwise may be entitled for purposes of ORS chapter 316, 317 or 318 for the tax year.

34 “(7) The taxpayer’s adjusted basis for determining gain or loss may not be decreased by
35 any tax credit allowed under this section.

36 “(8)(a) The Department of Revenue may by rule require that the Department of Trans-
37 portation provide information about a certification issued under section 9 of this 2019 Act,
38 including the name and taxpayer identification number of the taxpayer or other person re-
39 ceiving certification, the date the certification was issued in its final form, the approved
40 amount of credit and the first tax year for which the credit may be claimed.

41 “(b) A taxpayer that is a pass-through entity that has received certification under section
42 9 of this 2019 Act shall provide to the Department of Revenue, within two months after the
43 close of the tax year in which the certification was issued, the name, taxpayer identification
44 number and any other information required by the department of each owner receiving a
45 distributive share of the credit, in a manner prescribed by the department.

1 “(9) The Department of Revenue shall prescribe by rule the manner and the timing of
2 submission of the information described in subsection (8) of this section to the department.

3 “(10) The credit shall be claimed on a form prescribed by the Department of Revenue that
4 contains the information required by the department.

5 “(11) In the case of a credit allowed under this section:

6 “(a) A nonresident shall be allowed the credit under this section in the proportion pro-
7 vided in ORS 316.117.

8 “(b) If a change in the status of a taxpayer from resident to nonresident or from non-
9 resident to resident occurs, the credit allowed by this section shall be determined in a man-
10 ner consistent with ORS 316.117.

11 “(c) If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or
12 if the Department of Revenue terminates a taxpayer’s taxable year under ORS 314.440, the
13 credit allowed under this section shall be prorated or computed in a manner consistent with
14 ORS 314.085.

15 “SECTION 9. (1) Prior to construction of a short line railroad rehabilitation project, a
16 taxpayer may apply to the Department of Transportation for preliminary certification of the
17 project in the manner prescribed by rules adopted under this section, which must include:

18 “(a) Timelines and deadlines for submission of application materials;

19 “(b) A description of the information required by the department to determine that the
20 taxpayer qualifies for the credit allowed under section 8 of this 2019 Act;

21 “(c) Criteria for determining the amount of the tax credit allowed under section 8 of this
22 2019 Act, including standards for what constitutes completion of a short line railroad reha-
23 bilitation project;

24 “(d) The process by which an applicant will be notified of an incomplete application and
25 the time allowed for the applicant to provide the missing information; and

26 “(e) The month and date by which the department must notify an applicant of the pre-
27 liminary certification decision and the potential amount of the tax credit for which the ap-
28 plicant has received preliminary certification.

29 “(2) If the total amount of potential tax credits allowed under section 8 of this 2019 Act
30 for all taxpayers that have applied for preliminary certification exceeds the limit in section
31 8 of this 2019 Act, the department shall allocate the tax credits allowed under section 8 of
32 this 2019 Act as follows:

33 “(a) By giving first priority to all tier II short line railroads that own or lease less than
34 75 miles of short line railroad track in this state; and

35 “(b) By giving second priority to all tier II short line railroads not described in paragraph
36 (a) of this subsection.

37 “(3) If the department must allocate tax credits to a group of taxpayers in an amount
38 that is less than the amount the taxpayers would otherwise receive under section 8 of this
39 2019 Act, the department shall divide the available tax credits among the group propor-
40 tionally, based on the amount each taxpayer would have otherwise received under section 8
41 of this 2019 Act.

42 “SECTION 10. (1) A taxpayer may apply to the Department of Transportation for final
43 certification of a short line railroad rehabilitation project if:

44 “(a) The taxpayer received preliminary certification for the project under section 9 of this
45 2019 Act; and

1 “(b) The project is completed.

2 “(2) After approving the application, the department shall certify the project, including
3 the amount of the tax credit for which the taxpayer has received final certification. The de-
4 partment may not certify an amount that is more than the amount approved in the prelim-
5 inary certification for the project.

6 “(3) The department may establish by rule a process for accepting applications and issu-
7 ing final certifications under this section.

8 “SECTION 11. (1) The Department of Transportation may charge and collect a fee from
9 taxpayers for preliminary or final certification of short line rehabilitation projects under
10 sections 9 and 10 of this 2019 Act. The fee may not exceed the cost to the department of is-
11 suing certifications.

12 “(2) All fees collected under this section shall be deposited in the State Treasury to the
13 credit of the Railroad Fund established under ORS 824.014. Moneys deposited under this
14 section are continuously appropriated to the Department of Transportation for the purpose
15 of administering and enforcing the provisions of sections 7 to 14 of this 2019 Act.

16 “SECTION 12. (1) A person that has obtained a tax credit under section 8 of this 2019
17 Act may transfer the credit to a taxpayer under ORS chapter 316, 317 or 318. A transfer that
18 occurs on or after January 1, 2020, is conditioned upon compliance with this section and ORS
19 315.052 and 315.053.

20 “(2) The Department of Revenue may require that the person that has earned the credit
21 and the taxpayer that intends to claim the credit jointly file a notice of tax credit transfer
22 with the department on or before the earliest of the following dates:

23 “(a) A date 30 days after the transfer of the credit;

24 “(b) The date on which the transferee files a return; or

25 “(c) The due date, including extensions, of the transferee’s return.

26 “(3) The notice shall be given on a form prescribed by the department that contains:

27 “(a) The name and address of the transferor and of the transferee;

28 “(b) The taxpayer identification number of the transferor and of the transferee;

29 “(c) The dates on which the person earning the credit received certifications for the
30 credit;

31 “(d) The amount of the credit that is certified, the amount that is being transferred and
32 the amount that is being retained by the transferor; and

33 “(e) Any other information required by the department.

34 “(4)(a) A transferor may separately transfer the entirety of that portion corresponding
35 to the tax year to one or more transferees, subject to subsection (5) of this section.

36 “(b) Any amount of credit that would be allowed due only to a carryforward provision
37 may not be transferred.

38 “(5) Any transfer of a tax credit or a portion of a tax credit must be completed no later
39 than the earliest of the following dates in relation to the tax return on which the credit is
40 claimed:

41 “(a) The original due date, including extensions, of the transferor’s return;

42 “(b) The date on which the transferor’s return is actually filed;

43 “(c) The original due date, including extensions, of the transferee’s return; or

44 “(d) The date on which the transferee’s return is actually filed.

45 “(6) Notwithstanding subsection (5) of this section, if the transferor is a tax-exempt en-

1 tity, the transfer must be completed on or before a date one year after the close of the tax
2 year for which the credit was certified. As used in this subsection, ‘tax-exempt entity’ means
3 a government agency or an organization that is recognized as exempt under section 501(c)(3)
4 of the Internal Revenue Code.

5 “(7) The transferee shall claim the credit in accordance with the credit provisions for the
6 tax years in which the credit is allowed.

7 “(8) The department by rule may establish policies and procedures for the implementa-
8 tion of this section.

9 “SECTION 13. The total amount of potential tax credits allowed under section 8 of this
10 2019 Act at the time of preliminary certification under section 9 of this 2019 Act may not
11 exceed \$4 million for any biennium.

12 “SECTION 14. (1) Under the procedures for a contested case under ORS chapter 183, the
13 Director of Transportation may order the suspension, revocation or forfeiture of a tax credit
14 certification under section 9 or 10 of this 2019 Act, or of a portion thereof, if the director
15 finds that:

16 “(a) The certification was obtained by fraud or misrepresentation;

17 “(b) The certification was obtained by mistake or miscalculation; or

18 “(c) The taxpayer otherwise violates or has violated a condition or requirement for el-
19 igibility for the tax credit.

20 “(2) As soon as an order of revocation under this section becomes final, the director shall
21 notify the Department of Revenue and the person that received the tax credit certification
22 of the order of revocation. Upon notification, the Department of Revenue immediately shall
23 proceed to collect:

24 “(a) If no portion of a credit has been transferred, those taxes not paid by the holder of
25 the certification as a result of the tax credits provided to the holder under the revoked ap-
26 proval, from the holder or a successor in interest to the business interests of the holder.
27 All tax credits provided to the holder and attributable to the fraudulently or mistakenly ob-
28 tained certification or portion of the certification shall be forfeited.

29 “(b) If all of a credit has been transferred, an amount equal to the amount of the tax
30 credits allowable to the transferee under the revoked certification, from the transferor.

31 “(c) If a portion of a tax credit has been transferred, those taxes not paid by the
32 transferor as a result of the tax credits provided to the transferor pursuant to the revoked
33 certification, from the transferor or a successor in interest to the business interests of the
34 transferor, and an amount equal to the amount of the tax credits allowable to the transferee
35 pursuant to the revoked certification, from the transferor.

36 “(3)(a) The Department of Revenue shall have the benefit of all laws of the state per-
37 taining to the collection of income and excise taxes and may proceed to collect the amounts
38 described in subsection (2) of this section from the person that obtained certification or a
39 successor in interest to the business interests of that person. An assessment of tax is not
40 necessary and the collection of taxes described in this subsection is not precluded by any
41 statute of limitations.

42 “(b) For purposes of this subsection, a lender, bankruptcy trustee or other person that
43 acquires an interest through bankruptcy or through foreclosure of a security interest is not
44 considered to be a successor in interest to the business interests of the person that obtained
45 certification.

1 “(4) If the certification is ordered revoked pursuant to this section, the holder of the
2 certification shall be denied any further relief in connection with the credit from and after
3 the date that the order of revocation becomes final.

4 “(5) Notwithstanding subsections (1) to (4) of this section, a certification or portion of a
5 certification held by a transferee may not be considered revoked for purposes of the
6 transferee, the tax credit allowable to the transferee may not be reduced and a transferee
7 is not liable under this section.

8 “(6) Interest under this section shall accrue at the rate established in ORS 305.220 be-
9 ginning the day after the due date of the return on which the credit may first be claimed.

10 “(7) The Department of Revenue may collect amounts owed under this section by a
11 partnership from the partnership.

12 “**SECTION 15.** ORS 314.752, as amended by section 7, chapter 108, Oregon Laws 2018, is
13 amended to read:

14 “314.752. (1) Except as provided in ORS 314.740 (5)(b), the tax credits allowed or allowable to
15 a C corporation for purposes of ORS chapter 317 or 318 shall not be allowed to an S corporation.
16 The business tax credits allowed or allowable for purposes of ORS chapter 316 shall be allowed or
17 are allowable to the shareholders of the S corporation.

18 “(2) In determining the tax imposed under ORS chapter 316, as provided under ORS 314.734, on
19 income of the shareholder of an S corporation, there shall be taken into account the shareholder’s
20 pro rata share of business tax credit (or item thereof) that would be allowed to the corporation (but
21 for subsection (1) of this section) or recapture or recovery thereof. The credit (or item thereof), re-
22 capture or recovery shall be passed through to shareholders in pro rata shares as determined in the
23 manner prescribed under section 1377(a) of the Internal Revenue Code.

24 “(3) The character of any item included in a shareholder’s pro rata share under subsection (2)
25 of this section shall be determined as if such item were realized directly from the source from which
26 realized by the corporation, or incurred in the same manner as incurred by the corporation.

27 “(4) If the shareholder is a nonresident and there is a requirement applicable for the business
28 tax credit that in the case of a nonresident the credit be allowed in the proportion provided in ORS
29 316.117, then that provision shall apply to the nonresident shareholder.

30 “(5) As used in this section, ‘business tax credit’ means the following credits: ORS 315.104
31 (forestation and reforestation), ORS 315.138 (fish screening, by-pass devices, fishways), ORS 315.141
32 (biomass production for biofuel), ORS 315.156 (crop gleaning), ORS 315.164 and 315.169 (agriculture
33 workforce housing), ORS 315.176 (bovine manure), ORS 315.204 (dependent care assistance), ORS
34 315.208 (dependent care facilities), ORS 315.213 (contributions for child care), ORS 315.237 (employee
35 and dependent scholarships), ORS 315.271 (individual development accounts), ORS 315.304 (pollution
36 control facility), ORS 315.326 (renewable energy development contributions), ORS 315.331 (energy
37 conservation projects), ORS 315.336 (transportation projects), ORS 315.341 (renewable energy re-
38 source equipment manufacturing facilities), ORS 315.354 and 469B.151 (energy conservation facili-
39 ties), ORS 315.506 (tribal taxes on reservation enterprise zones and reservation partnership zones),
40 ORS 315.507 (electronic commerce), ORS 315.514 (film production development contributions), ORS
41 315.521 (university venture development funds), ORS 315.523 (employee training programs), ORS
42 315.533 (low income community jobs initiative), ORS 315.675 (Trust for Cultural Development Ac-
43 count contributions), ORS 317.097 (loans for affordable housing), ORS 317.124 (long term enterprise
44 zone facilities), ORS 317.147 (loans for agriculture workforce housing), ORS 317.152 (qualified re-
45 search expenses) and ORS 317.154 (alternative qualified research expenses) and section 9, chapter

1 774, Oregon Laws 2013 (alternative fuel vehicle contributions), and section 2, chapter 108, Oregon
2 Laws 2018 (Opportunity Grant Fund contributions), **and section 8 of this 2019 Act (short line**
3 **railroads).**

4 “**SECTION 16.** ORS 318.031, as amended by section 8, chapter 108, Oregon Laws 2018, is
5 amended to read:

6 “318.031. It being the intention of the Legislative Assembly that this chapter and ORS chapter
7 317 shall be administered as uniformly as possible (allowance being made for the difference in im-
8 position of the taxes), ORS 305.140 and 305.150, ORS chapter 314 and the following sections are in-
9 corporated into and made a part of this chapter: ORS 315.104, 315.141, 315.156, 315.176, 315.204,
10 315.208, 315.213, 315.304, 315.326, 315.331, 315.336, 315.506, 315.507, 315.523 and 315.533 and section
11 2, chapter 108, Oregon Laws 2018, **and section 8 of this 2019 Act** (all only to the extent applicable
12 to a corporation) and ORS chapter 317.

13 “**SECTION 17. (1) Sections 7 to 14 of this 2019 Act apply to tax years beginning on or after**
14 **January 1, 2020, and before January 1, 2026.**

15 “**(2) Except as provided in section 8 (5) of this 2019 Act, a credit may not be claimed un-**
16 **der section 8 of this 2019 Act for tax years beginning on or after January 1, 2026.**

17
18 **“CULTURAL TRUST**

19
20 “**SECTION 18.** Section 19, chapter 954, Oregon Laws 2001, as amended by section 35, chapter
21 913, Oregon Laws 2009, and section 8, chapter 750, Oregon Laws 2013, is amended to read:

22 “**Sec. 19.** ORS 315.675 applies to tax years beginning on or after January 1, 2002, and before
23 January 1, [2020] **2026.**

24 “**SECTION 19.** ORS 315.675 is amended to read:

25 “315.675. (1) As used in this section, ‘cultural organization’ means an entity that is:

26 “(a) Exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code; and

27 “(b) Organized primarily for the purpose of producing, promoting or presenting the arts, herit-
28 age, programs and humanities to the public or organized primarily for identifying, documenting, in-
29 terpreting and preserving cultural resources.

30 “(2) A taxpayer shall be allowed a credit against the taxes otherwise due under ORS chapter
31 316 for amounts contributed during the tax year to the Trust for Cultural Development Account
32 established under ORS 359.405.

33 “(3) A taxpayer that is a corporation shall be allowed a credit against the taxes otherwise due
34 under ORS chapter 317 or 318 for amounts contributed during the tax year to the Trust for Cultural
35 Development Account established under ORS 359.405.

36 “(4) The credit is allowable under this section only to the extent the taxpayer has contributed
37 an equal amount to an Oregon cultural organization during the tax year.

38 “(5) The amount of the credit shall equal 100 percent of the amount contributed to the Trust for
39 Cultural Development Account, but may not exceed the lesser of the tax liability of the:

40 “(a) Taxpayer under ORS chapter 316 for the tax year [or \$500], **or \$1,000 for a taxpayer filing**
41 **a joint return or \$500 for a taxpayer filing any other type of return.**

42 “(b) Taxpayer that is a corporation under ORS chapter 317 or 318 for the tax year or \$2,500.

43 “(6) The credit allowed under this section may not be carried over to another tax year.

44 “(7) The credit allowed under this section is in addition to any charitable contribution deduction
45 allowable to the taxpayer.

1 “(8) In the case of a credit allowed under this section for purposes of ORS chapter 316:

2 “(a) A nonresident shall be allowed the credit under this section in the proportion provided in
3 ORS 316.117.

4 “(b) If a change in the status of a taxpayer from resident to nonresident or from nonresident to
5 resident occurs, the credit allowed under this section shall be determined in a manner consistent
6 with ORS 316.117.

7 “(c) Spouses in a marriage who file separate returns for a taxable year may each claim a share
8 of the tax credit that would have been allowed on a joint return in proportion to the contribution
9 of each.

10 “(d) If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or if the
11 Department of Revenue terminates the taxpayer’s taxable year under ORS 314.440, the credit al-
12 lowed under this section shall be prorated or computed in a manner consistent with ORS 314.085.

13
14 **“TAX PROVISIONS RELATED TO MANUFACTURED DWELLINGS**

15
16 **“SECTION 20.** Section 7, chapter 826, Oregon Laws 2005, as amended by section 21, chapter
17 906, Oregon Laws 2007, section 36, chapter 750, Oregon Laws 2013, and section 14, chapter 217,
18 Oregon Laws 2015, is amended to read:

19 **“Sec. 7.** (1) Section 6, chapter 826, Oregon Laws 2005, applies to tax years beginning on or after
20 January 1, 2006, and before January 1, [2020] **2026.**

21 **“(2)** The amendments to section 6, chapter 826, Oregon Laws 2005, by section 9, **chapter 217,**
22 **Oregon Laws 2015, [of this 2015 Act]** apply to tax years beginning on or after January 1, 2015, and
23 before January 1, [2020] **2026.**

24 **“SECTION 21.** Section 7b, chapter 906, Oregon Laws 2007, as amended by section 3, chapter
25 83, Oregon Laws 2011, and section 35, chapter 750, Oregon Laws 2013, is amended to read:

26 **“Sec. 7b.** The amendments to ORS 90.650 by section 7a, chapter 906, Oregon Laws 2007, become
27 operative January 1, [2020] **2026.**

28 **“SECTION 22.** Section 10, chapter 826, Oregon Laws 2005, as amended by section 22, chapter
29 906, Oregon Laws 2007, section 37, chapter 750, Oregon Laws 2013, and section 15, chapter 217,
30 Oregon Laws 2015, is amended to read:

31 **“Sec. 10.** (1) Section 9, chapter 826, Oregon Laws 2005, applies to tax years beginning on or
32 after January 1, 2006, and before January 1, [2020] **2026.**

33 **“(2)** The amendments to section 9, chapter 826, Oregon Laws 2005, by section 10, **chapter 217,**
34 **Oregon Laws 2015, [of this 2015 Act]** apply to tax years beginning on or after January 1, 2015, and
35 before January 1, [2020] **2026.**

36 **“SECTION 23.** Section 18, chapter 906, Oregon Laws 2007, as amended by section 33, chapter
37 913, Oregon Laws 2009, and section 33, chapter 750, Oregon Laws 2013, is amended to read:

38 **“Sec. 18.** Section 17, chapter 906, Oregon Laws 2007, applies to individuals whose household
39 ends tenancy at a manufactured dwelling park during a tax year that begins on or after January
40 1, 2007, and before January 1, [2020] **2026.**

41 **“SECTION 24.** Section 2b, chapter 906, Oregon Laws 2007, as amended by section 1, chapter
42 83, Oregon Laws 2011, and section 34, chapter 750, Oregon Laws 2013, is amended to read:

43 **“Sec. 2b.** The amendments to ORS 90.645 by section 2a, chapter 906, Oregon Laws 2007, become
44 operative January 1, [2020] **2026.**

45 **“SECTION 25.** Section 17, chapter 906, Oregon Laws 2007, as amended by section 17, chapter

1 348, Oregon Laws 2015, is amended to read:

2 “Sec. 17. (1) As used in this section:

3 “(a) ‘Household’ means the taxpayer, the spouse of the taxpayer and all other persons residing
4 in the manufactured dwelling during any part of the calendar year for which a credit is claimed.

5 “(b) ‘Manufactured dwelling’ has the meaning given that term in ORS 446.003.

6 “(c) ‘Manufactured dwelling park’ means a place within this state where four or more manufac-
7 tured dwellings are located, the primary purpose of which is to rent space or keep space for rent
8 to any person for a charge or fee.

9 “(d) ‘Rental agreement’ means a contract under which an individual rents space in a manufac-
10 tured dwelling park for siting a manufactured dwelling.

11 “(2) A credit of \$5,000 against the taxes otherwise due under this chapter is allowed to an in-
12 dividual who:

13 “(a) Rents space in a manufactured dwelling park for a manufactured dwelling that is owned and
14 occupied by the individual as the individual’s principal residence on the date that the landlord de-
15 livers notice that the park, or a portion of the park, is being closed and the rental agreement for
16 the space is being terminated **by the landlord or** because of the exercise of eminent domain, by
17 order of a federal, state or local agency [*or by the landlord*]; and

18 “(b) Ends tenancy at the manufactured dwelling park site in response to the delivered notice
19 described in paragraph (a) of this subsection.

20 “(3) For purposes of subsection (2) of this section:

21 “(a) Tenancy by the individual at the manufactured dwelling park site ends on the last day that
22 a member of the individual’s household occupies the manufactured dwelling at the manufactured
23 dwelling park site; and

24 “(b) Tenancy by the individual at the manufactured dwelling park site does not end if the man-
25 ufactured dwelling park is converted to a subdivision under ORS 92.830 to 92.845 and the individual
26 buys a space or lot in the subdivision or sells the manufactured dwelling to a person who buys a
27 space or lot in the subdivision.

28 “(4) Notwithstanding subsection (2) of this section, if the manufactured dwelling park, or a por-
29 tion of the park, is being closed and the rental agreement of the individual is being terminated be-
30 cause of the exercise of eminent domain, the credit amount allowed to the individual is the amount
31 described in subsection (2) of this section, reduced by any amount that was paid to the individual
32 as compensation for the exercise of eminent domain.

33 “(5) An individual may not claim more than one credit under this section for tenancies ended
34 during the tax year.

35 “(6) If, for the year in which the individual ends the tenancy at the manufactured dwelling park,
36 the amount of the credit allowed by this section, when added to the sum of the amounts allowable
37 as payment of tax under ORS 316.187 and 316.583 plus other tax prepayment amounts and other
38 refundable credit amounts, exceeds the taxes imposed by this chapter or ORS chapter 314 for the
39 tax year, reduced by any nonrefundable credits allowable for purposes of this chapter for the tax
40 year, the amount of the excess shall be refunded to the individual as provided in ORS 316.502.

41 “(7) If more than one individual in a household qualifies under this section to claim the tax
42 credit, the qualifying individuals may each claim a share of the available credit that is in proportion
43 to their respective gross incomes for the tax year.

44 “**SECTION 26. The amendments to section 17, chapter 906, Oregon Laws 2007, by section**
45 **25 of this 2019 Act apply to tax years beginning on or after January 1, 2017.**

1 **“TAX CREDIT FOR CERTAIN RETIREMENT INCOME**

2
3 **“SECTION 27.** Section 36, chapter 913, Oregon Laws 2009, as amended by section 9, chapter
4 750, Oregon Laws 2013, is amended to read:

5 **“Sec. 36.** A credit may not be claimed under ORS 316.157 for tax years beginning on or after
6 January 1, [2020] **2026.**

7
8 **“CREDIT FOR VOLUNTEER PROVIDERS OF**
9 **RURAL EMERGENCY MEDICAL SERVICES**

10
11 **“SECTION 28.** Section 66, chapter 832, Oregon Laws 2005, as amended by section 26, chapter
12 913, Oregon Laws 2009, and section 16, chapter 750, Oregon Laws 2013, is amended to read:

13 **“Sec. 66.** ORS 315.622 applies to tax credit certifications issued by the Office of Rural Health
14 on or after January 1, 2006, and before January 1, [2020] **2026.**

15
16 **“CREDIT FOR EMPLOYER PROVIDED SCHOLARSHIPS**

17
18 **“SECTION 29.** Section 24, chapter 913, Oregon Laws 2009, as amended by section 17, chapter
19 750, Oregon Laws 2013, is amended to read:

20 **“Sec. 24.** Except as provided in ORS 315.237 (6), a credit may not be claimed under ORS 315.237
21 for tax years beginning on or after January 1, [2020] **2026.**

22
23 **“CREDIT FOR AGRICULTURE WORKFORCE HOUSING PROJECTS**

24
25 **“SECTION 30.** Section 28, chapter 913, Oregon Laws 2009, as amended by section 18, chapter
26 750, Oregon Laws 2013, is amended to read:

27 **“Sec. 28.** Except as provided in ORS 315.164 (8), a credit may not be claimed under ORS 315.164
28 for **agriculture workforce housing projects completed in** tax years beginning on or after January
29 1, [2020] **2026.**

30
31 **“EARNED INCOME TAX CREDIT**

32
33 **“SECTION 31.** ORS 315.266 is amended to read:

34 **“315.266. (1)(a)** In addition to any other credit available for purposes of ORS chapter 316, an
35 eligible resident individual shall be allowed a credit against the tax otherwise due under ORS
36 chapter 316 for the tax year in an amount equal to [eight] **nine** percent of the earned income credit
37 allowable to the individual for the same tax year under section 32 of the Internal Revenue Code.

38 **“(b)** Notwithstanding paragraph (a) of this subsection, for a taxpayer with a dependent under the
39 age of three at the close of the tax year, the credit allowed under this section shall be in an amount
40 equal to [11] **12** percent of the earned income credit allowable to the individual for the same tax
41 year under section 32 of the Internal Revenue Code.

42 **“(2)** An eligible nonresident individual shall be allowed the credit computed in the same manner
43 and subject to the same limitations as the credit allowed a resident by subsection (1) of this section.
44 However, the credit shall be prorated using the proportion provided in ORS 316.117.

45 **“(3)** If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or if the

1 Department of Revenue terminates the taxpayer's taxable year under ORS 314.440, the credit al-
2 lowed by this section shall be prorated or computed in a manner consistent with ORS 314.085.

3 “(4) If a change in the status of a taxpayer from resident to nonresident or from nonresident to
4 resident occurs, the credit allowed by this section shall be determined in a manner consistent with
5 ORS 316.117.

6 “(5) If the amount allowable as a credit under this section, when added to the sum of the
7 amounts allowable as payment of tax under ORS 316.187 or 316.583, other tax prepayment amounts
8 and other refundable credit amounts, exceeds the taxes imposed by ORS chapters 314 and 316 for
9 the tax year after application of any nonrefundable credits allowable for purposes of ORS chapter
10 316 for the tax year, the amount of the excess shall be refunded to the taxpayer as provided in ORS
11 316.502.

12 “(6) The Department of Revenue may adopt rules for purposes of this section, including but not
13 limited to rules relating to proof of eligibility and the furnishing of information regarding the federal
14 earned income credit claimed by the taxpayer for the tax year.

15 “(7) Refunds attributable to the earned income credit allowed under this section do not bear
16 interest.

17 “**SECTION 32.** Section 6, chapter 880, Oregon Laws 2007, as amended by section 1, chapter 750,
18 Oregon Laws 2013, is amended to read:

19 “**Sec. 6.** ORS 315.266 applies to tax years beginning before January 1, [2020] **2026.**

20 “**SECTION 32a.** **The amendments to ORS 315.266 by section 31 of this 2019 Act apply to**
21 **tax years beginning on or after January 1, 2020, and before January 1, 2026.**

22 “LOW INCOME RENTAL PROPERTY TAX EXEMPTION

23
24
25 “**SECTION 33.** ORS 307.517, as amended by section 10, chapter 111, Oregon Laws 2018, is
26 amended to read:

27 “307.517. (1) Property or a portion of the property is exempt from taxation as provided under
28 ORS 307.515 to 307.523 if:

29 “(a) The property is:

30 “(A) Offered for rent; or

31 “(B) Held for the purpose of developing low income rental housing, for a period not exceeding
32 a reasonable maximum period, if any, adopted by the governing body;

33 “(b) The property, if occupied, is occupied solely by low income persons;

34 “(c) The required rent payment reflects the full value of the property tax exemption;

35 “(d) The exemption has been approved as provided in ORS 307.523, pursuant to an application
36 filed before July 1, [2020] **2030;**

37 “(e) The housing units on the property were constructed after the local governing body adopted
38 the provisions of ORS 307.515 to 307.523; and

39 “(f) The information disclosed on the application filed pursuant to ORS 307.521 meets any other
40 criteria adopted by the governing body.

41 “(2) A governing body that adopts the provisions of ORS 307.515 to 307.523 may adopt additional
42 criteria for exemption that do not conflict with the criteria described in subsection (1)(a) to (e) of
43 this section.

44 “(3) For the purposes of subsection (1) of this section, a person that has only a leasehold interest
45 in property is deemed to be a purchaser of that property if:

1 “(a) The person is obligated under the terms of the lease to pay the ad valorem taxes on the real
2 and personal property used in this activity on that property; or

3 “(b) The rent payable has been established to reflect the savings resulting from the exemption
4 from taxation.

5 “**SECTION 34.** ORS 307.518, as amended by section 11, chapter 111, Oregon Laws 2018, is
6 amended to read:

7 “307.518. (1) Property or a portion of property is exempt from taxation as provided under ORS
8 307.515 to 307.523 if:

9 “(a) The property, if unoccupied, is:

10 “(A) Offered for rental solely as a residence for low income persons; or

11 “(B) Held for the purpose of developing low income rental housing, for a period not exceeding
12 a reasonable maximum period, if any, adopted by the governing body;

13 “(b) The property, if occupied, is occupied solely as a residence for low income persons;

14 “(c) An exemption for the property has been approved as provided under ORS 307.523, pursuant
15 to an application filed before July 1, [2020] 2030;

16 “(d) The property is owned or being purchased by a nonprofit corporation organized in a manner
17 that meets the criteria for a public benefit corporation or a religious corporation, both terms as
18 defined in ORS 65.001;

19 “(e) The property is owned or being purchased by a nonprofit corporation that expends no more
20 than 10 percent of the nonprofit corporation’s annual income from residential rentals for purposes
21 other than the acquisition, maintenance or repair of residential rental property for low income per-
22 sons or for the provision of on-site child care services for the residents of the rental property; and

23 “(f) The information disclosed on the application filed pursuant to ORS 307.521 meets any other
24 criteria adopted by the governing body.

25 “(2) A governing body that adopts the provisions of ORS 307.515 to 307.523 may adopt additional
26 criteria for exemption that do not conflict with the criteria described in subsection (1)(a) to (e) of
27 this section.

28 “(3) For the purposes of this section, a nonprofit corporation that has only a leasehold interest
29 in property is considered to be a purchaser of that property if:

30 “(a) The nonprofit corporation is obligated under the terms of the lease to pay the ad valorem
31 taxes on the real and personal property used in the rental activity on that property; or

32 “(b) The rent payable has been established to reflect the savings resulting from the exemption
33 from taxation.

34 “(4) A partnership shall be considered a nonprofit corporation for purposes of this section if:

35 “(a) A nonprofit corporation is a general partner of the partnership; and

36 “(b) The nonprofit corporation is responsible for the day-to-day operation of the property that
37 is the subject of the exemption under ORS 307.515 to 307.523.

38 “**SECTION 35.** ORS 307.523, as amended by section 12, chapter 111, Oregon Laws 2018, is
39 amended to read:

40 “307.523. (1) Application shall be made on or before December 1 of the calendar year imme-
41 diately preceding the first assessment year for which exemption is requested, and shall be accom-
42 panied by the application fee required under ORS 307.527. However, if the property is acquired after
43 November 1, the application shall be made within 30 days after the date of acquisition.

44 “(2) Within 60 days of the filing of an application under ORS 307.521, the governing body shall
45 take final action upon the application as provided under ORS 307.527, and certify the results of the

1 action to the county assessor, as set forth in ORS 307.512.

2 “(3) Upon receipt of certification under subsection (2) of this section, the county assessor shall
3 exempt the property from taxation to the extent certified by the governing body.

4 “(4) Notwithstanding the dates specified in ORS 307.517 and 307.518, property granted exemption
5 pursuant to an application filed under ORS 307.517 or 307.518 before July 1, [2020] **2030**, shall con-
6 tinue to receive the exemption on the same terms, including duration, on which the exemption was
7 granted.

8 “**SECTION 36.** ORS 307.529, as amended by section 13, chapter 111, Oregon Laws 2018, is
9 amended to read:

10 “307.529. (1) Except as provided in ORS 307.531, if, after an application for exemption under ORS
11 307.517 has been approved under ORS 307.527, the governing body finds that construction or devel-
12 opment of the exempt property differs from the construction or development described in the appli-
13 cation for exemption, or is not completed on or before July 1, [2020] **2030**, or that any provision of
14 ORS 307.515 to 307.523 is not being complied with, or any provision required by the governing body
15 pursuant to ORS 307.515 to 307.523 is not being complied with, the governing body shall give notice
16 of the proposed termination of the exemption to the owner, by mailing the notice to the last-known
17 address of the owner, and to every known lender, by mailing the notice to the last-known address
18 of every known lender. The notice shall state the reasons for the proposed termination and shall
19 require the owner to appear at a specified time, not less than 20 days after mailing the notice, to
20 show cause, if any, why the exemption should not be terminated.

21 “(2) If the owner fails to appear and show cause why the exemption should not be terminated,
22 the governing body shall notify every known lender, and shall allow any lender not less than 30 days
23 after the date the notice of the failure to appear and show cause is mailed to cure any noncompli-
24 ance or to provide assurance adequate to the governing body that all noncompliance shall be rem-
25 edied.

26 “(3) If the owner fails to appear and show cause why the exemption should not be terminated,
27 and the lender fails to cure or give adequate assurance of the cure of any noncompliance, the gov-
28 erning body shall adopt an ordinance or resolution stating its findings terminating the exemption.
29 A copy of the ordinance or resolution shall be filed with the county assessor, and a copy shall be
30 sent to the owner at the owner’s last-known address and to the lender at the last-known address of
31 the lender within 10 days after its adoption.

32 “**SECTION 37.** ORS 307.535, as amended by section 14, chapter 111, Oregon Laws 2018, is
33 amended to read:

34 “307.535. Notwithstanding any provision of ORS 307.515 to 307.523:

35 “(1) If the governing body finds that construction of the housing unit otherwise entitled to ex-
36 emption under ORS 307.517 was not completed by July 1, [2020] **2030**, due to circumstances beyond
37 the control of the owner, and that the owner had been acting and could reasonably be expected to
38 act in good faith and with due diligence, the governing body may extend the deadline for completion
39 of construction for a period not to exceed 12 consecutive months.

40 “(2) If property granted exemption under ORS 307.515 to 307.523 is destroyed by fire or act of
41 God, or is otherwise no longer capable of owner-occupancy due to circumstances beyond the control
42 of the owner, the exemption shall cease but no additional taxes shall be imposed upon the property
43 under ORS 307.531 or 307.533.

44
45

“**CREDIT FOR CROP DONATION**”

1 “**SECTION 38.** Section 5, chapter 913, Oregon Laws 2009, as amended by section 1, chapter 115,
2 Oregon Laws 2014, is amended to read:

3 “**Sec. 5.** Except as provided in ORS 315.156 (4), a credit may not be claimed under ORS 315.156
4 for tax years beginning on or after January 1, 2012, and before January 1, 2014, or on or after
5 January 1, [2020] **2026.**

6
7 **“HISTORIC PROPERTY SPECIAL ASSESSMENT**

8
9 “**SECTION 39.** ORS 358.499 is amended to read:

10 “358.499. (1) Property first classified and specially assessed as historic property for a tax year
11 beginning on or before July 1, 1994, shall continue to be so classified, specially assessed and re-
12 moved from special assessment as provided under ORS 358.487 to 358.543 as those sections were in
13 existence and in effect on December 31, 1992.

14 “(2) Property may be classified and specially assessed under ORS 358.487 to 358.543 pursuant to
15 application filed under ORS 358.487 on or after September 9, 1995, and first applicable for the tax
16 year 1996-1997 or any tax year thereafter.

17 “(3) Property may not be classified and specially assessed pursuant to application filed under
18 ORS 358.487 or 358.540 if the application is filed on or after July 1, [2020] **2022.**

19
20 **“EXEMPTION FOR VEHICLE USED IN EMISSIONS TESTING**

21
22 “**SECTION 40.** ORS 825.475 is repealed.

23 “**SECTION 41.** The repeal of ORS 825.475 by section 40 of this 2019 Act becomes operative
24 on January 1, 2026.

25
26 **“QUALIFIED MACHINERY AND EQUIPMENT**
27 **PROPERTY TAX EXEMPTION**

28
29 “**SECTION 42.** Section 7, chapter 637, Oregon Laws 2005, as amended by section 1, chapter 656,
30 Oregon Laws 2011, and section 1, chapter 210, Oregon Laws 2013, is amended to read:

31 “**Sec. 7.** Property may not qualify for a first year of exemption under ORS 307.455 for a tax year
32 beginning on or after July 1, [2020] **2025.**

33 “**SECTION 43.** Section 44 of this 2019 Act is added to and made a part of ORS 307.453 to
34 **307.459.**

35 “**SECTION 44.** (1)(a) Notwithstanding ORS 307.455, the governing body of a city or county
36 may adopt an ordinance or resolution that:

37 “(A) Changes, but not above 100 percent, the percentage of exemption granted under ORS
38 307.455 or changes, but not above five years, the number of property tax years for which the
39 exemption may be granted; or

40 “(B) Renders the exemption granted under ORS 307.455 inoperative.

41 “(b) An ordinance or resolution adopted pursuant to this subsection by the governing
42 body of a city shall apply:

43 “(A) Only within the corporate boundaries of the city;

44 “(B) To all qualified machinery and equipment taxable within the corporate boundaries;

45 **and**

1 “(C) To the tax levies of the city and all other taxing districts having jurisdiction within
2 the corporate boundaries.

3 “(c) An ordinance or resolution adopted pursuant to this subsection by the governing
4 body of a county shall apply:

5 “(A) Only within the unincorporated territory of the county;

6 “(B) To all qualified machinery and equipment taxable within the unincorporated terri-
7 tory; and

8 “(C) To the tax levies of the county and all other taxing districts having jurisdiction
9 within the unincorporated territory.

10 “(2)(a) An ordinance or resolution adopted pursuant to subsection (1) of this section shall
11 not become operative before the beginning of the second property tax year that begins on
12 or after the date on which the ordinance or resolution is adopted.

13 “(b) For property tax years beginning on or after the operative date specified in para-
14 graph (a) of this subsection, qualified machinery and equipment that is subject to an ordi-
15 nance or resolution described in subsection (1)(a)(B) of this section shall be assessed and
16 taxed as other similar property is assessed and taxed.

17 “(3) Notwithstanding subsection (1) of this section, qualified machinery and equipment
18 that is exempt under ORS 307.455 on the operative date specified in subsection (2)(a) of this
19 section that would otherwise be subject to an ordinance or resolution adopted pursuant to
20 subsection (1) of this section shall continue to be exempt for the number of property tax
21 years for which the qualified machinery and equipment is eligible under ORS 307.455 (3).

22 “(4)(a) The governing body of a city or county that adopts an ordinance or resolution
23 pursuant to subsection (1)(a)(B) of this section may subsequently adopt an ordinance or re-
24 solution rendering the exemption granted under ORS 307.455 operative again for the city or
25 county, respectively, and all other affected taxing districts.

26 “(b) The exemption shall become operative for the first property tax year that begins on
27 or after the date on which the ordinance or resolution adopted under this subsection be-
28 comes effective.

29 “(5) As soon as practicable after the adoption of an ordinance or resolution under:

30 “(a) Subsection (1) of this section, the governing body of the city or county shall provide
31 notice of the adoption or changes to:

32 “(A) The county assessor;

33 “(B) The Department of Revenue;

34 “(C) The State Department of Agriculture; and

35 “(D) Taxpayers whose qualified machinery and equipment is exempt under ORS 307.455
36 for the current property tax year on the effective date of the ordinance or resolution.

37 “(b) Subsection (4) of this section, the governing body of the city or county shall provide
38 notice of the adoption to:

39 “(A) The county assessor;

40 “(B) The Department of Revenue; and

41 “(C) The State Department of Agriculture.

42 “(6) An ordinance or resolution adopted under subsection (1) or (4) of this section must
43 remain in effect for at least three consecutive property tax years.

44 “SECTION 45. ORS 307.455 is amended to read:

45 “307.455. (1) As used in [*this section and ORS 307.457*] **ORS 307.453 to 307.459:**

1 “(a) ‘Assessor’ means the county assessor, or the Department of Revenue if under ORS 306.126
2 the department is responsible for appraisal of the facility at which the qualified machinery and
3 equipment is located.

4 “(b) ‘Bakery product’ has the meaning given that term in ORS 625.010.

5 “(c) ‘Dairy products’ has the meaning given that term in ORS 621.003.

6 “(d) ‘Food processor’:

7 “(A) Means a person engaged in the business of freezing, canning, dehydrating, concentrating,
8 preserving, processing or repacking for human consumption raw or fresh fruit, vegetables, nuts,
9 legumes, grains, bakery products, dairy products, eggs or seafood in any procedure that occurs prior
10 to the point of first sale by the processor.

11 “(B) Does not include:

12 “(i) Persons engaged in the business of producing alcoholic beverages or marijuana items as
13 defined in ORS 475B.015.

14 “(ii) A person engaged in the business of producing bakery products unless the person has been
15 issued a wholesale license by the State Department of Agriculture.

16 “(e) ‘Integrated processing line’ does not include forklifts, trucks or other rolling stock used to
17 transport material to or from a point of manufacture or assembly.

18 “(f) ‘Qualified machinery and equipment’ means property, whether new or used, that is newly
19 acquired by a food processor and placed into service prior to January 1 preceding the first tax year
20 for which an exemption under this section is sought, and that consists of:

21 “(A) Real property machinery and equipment that is used by a food processor in the primary
22 processing of raw or fresh fruit, vegetables, nuts, legumes, grains, bakery products, dairy products,
23 eggs or seafood; or

24 “(B) Personal property machinery and equipment that is used in an integrated processing line
25 for the primary processing of raw or fresh fruit, vegetables, nuts, legumes, grains, bakery products,
26 dairy products, eggs or seafood.

27 “(2)(a) On or before March 1 preceding the first tax year for which property is to be exempt
28 from taxation under this section, a food processor seeking an exemption under this section shall
29 apply to the assessor for exemption. The application shall be on a form prescribed by the Depart-
30 ment of Revenue and shall include any information required by the department, including a schedule
31 of the qualified machinery and equipment for which certification is sought.

32 “(b) Notwithstanding paragraph (a) of this subsection, the assessor may approve an application
33 that is filed after March 1, and on or before December 31 of the assessment year, if the statement
34 is accompanied by a late filing fee of the greater of \$200 or one-tenth of one percent of the real
35 market value of the property that is the subject of the application.

36 “(c) The assessor shall review the application and, if the machinery and equipment that is the
37 subject of the application constitutes qualified machinery and equipment certified by the State De-
38 partment of Agriculture under ORS 307.457, shall approve the application and exempt the qualified
39 machinery and equipment.

40 “(d) If any of the machinery and equipment that is the subject of the application does not con-
41 stitute qualified machinery and equipment certified by the State Department of Agriculture under
42 ORS 307.457, the assessor shall exclude the nonqualified machinery and equipment from the appli-
43 cation.

44 “(3) Qualified machinery and equipment for which an application has been approved under sub-
45 section (2) of this section shall be exempt for the tax year for which the application was approved

1 and for the next four succeeding tax years, if as of the assessment date for each year the property
2 constitutes qualified machinery and equipment.

3 “(4) The duration of the exemption under subsection (3) of this section may not be extended as
4 the result of the value of changes to qualified machinery and equipment that are attributable to
5 rehabilitation, reconditioning or ongoing maintenance or repair.

6 “(5) Notwithstanding subsection (3) of this section, qualified machinery and equipment that is
7 used to process grains or bakery products may not be granted exemption under this section unless
8 the qualified machinery and equipment has a total cost of initial investment of at least \$100,000 to
9 the food processor.

10 “(6) Notwithstanding subsection (3) of this section, qualified machinery and equipment that is
11 used to process bakery products may not be granted exemption under this section if proceeds from
12 retail sales made at the processing site constitute more than 10 percent of all proceeds from sales
13 made at the processing site.

14 “**SECTION 46.** ORS 307.459 is amended to read:

15 “307.459. The Department of Revenue and the State Department of Agriculture may adopt rules
16 to implement the provisions of ORS 307.455 and 307.457 **and section 44 of this 2019 Act.**

17 “**SECTION 47. The amendments to ORS 307.455 and 307.459 by sections 45 and 46 of this**
18 **2019 Act become operative on July 1, 2020.**

19
20 **“POLITICAL CONTRIBUTION TAX CREDIT**

21
22 “**SECTION 48.** Section 34, chapter 913, Oregon Laws 2009, as amended by section 7, chapter
23 750, Oregon Laws 2013, is amended to read:

24 “**Sec. 34. (1)** A credit may not be claimed under ORS 316.102 for tax years beginning on or after
25 January 1, [2020] **2026.**

26 “**(2) The amendments to ORS 316.102 by section 49 of this 2019 Act apply to tax years**
27 **beginning on or after January 1, 2020, and before January 1, 2026.**

28 “**SECTION 49.** ORS 316.102 is amended to read:

29 “316.102. (1) A credit against taxes shall be allowed for voluntary contributions in money made
30 in the taxable year:

31 “(a) To a major political party qualified under ORS 248.006 or to a committee thereof or to a
32 minor political party qualified under ORS 248.008 or to a committee thereof.

33 “(b) To or for the use of a person who must be a candidate for nomination or election to a
34 federal, state or local elective office in any primary election, general election or special election in
35 this state. The person must, in the calendar year in which the contribution is made, either be listed
36 on a primary election, general election or special election ballot in this state or have filed in this
37 state one of the following:

38 “(A) A prospective petition;

39 “(B) A declaration of candidacy;

40 “(C) A certificate of nomination; or

41 “(D) A designation of a principal campaign committee.

42 “(c) To a political committee, as defined in ORS 260.005, if the political committee has certified
43 the name of its treasurer to the filing officer, as defined in ORS 260.005, in the manner provided in
44 ORS chapter 260.

45 “(2) The credit allowed by subsection (1) of this section shall be the lesser of:

1 “(a) The total contribution, not to exceed \$100 on a joint return or \$50 on any other type of
2 return; or

3 “(b) The tax liability of the taxpayer.

4 “(3) A taxpayer may not claim the credit allowed under this section if the taxpayer has federal
5 adjusted gross income in excess of [~~\$200,000~~] **\$150,000** on a joint return or [~~\$100,000~~] **\$75,000** on any
6 other type of return.

7 “(4) The claim for tax credit shall be substantiated by submission, with the tax return, of official
8 receipts of the candidate, agent, political party or committee thereof or political committee to whom
9 contribution was made.

10 11 **“TAX CREDIT FOR INDIVIDUAL DEVELOPMENT ACCOUNT CONTRIBUTIONS**

12
13 **“SECTION 49a.** ORS 315.271 is amended to read:

14 “315.271. (1) A credit against taxes otherwise due under ORS chapter 316, 317 or 318 shall be
15 allowed for donations to a fiduciary organization for distribution to individual development accounts
16 established under ORS 458.685. The credit shall equal a percentage of the taxpayer’s donation
17 amount, as determined by the fiduciary organization, but not to exceed [70] **90** percent of any do-
18 nation amount. To qualify for a credit under this section, donations to a fiduciary organization must
19 be made prior to January 1, 2022.

20 “(2) If a credit allowed under this section is claimed, the amount upon which the credit is based
21 that is allowed or allowable as a deduction from federal taxable income under section 170 of the
22 Internal Revenue Code shall be added to federal taxable income in determining Oregon taxable in-
23 come. As used in this subsection, the amount upon which a credit is based is the allowed credit di-
24 vided by the applicable percentage, as determined by the fiduciary organization.

25 “(3) The allowable tax credit that may be used in any one tax year shall not exceed the tax li-
26 ability of the taxpayer.

27 “(4) Any tax credit otherwise allowable under this section that is not used by the taxpayer in
28 a particular year may be carried forward and offset against the taxpayer’s tax liability for the next
29 succeeding tax year. Any tax credit remaining unused in the next succeeding tax year may be car-
30 ried forward and used in the second succeeding tax year. Any tax credit not used in the second
31 succeeding tax year may be carried forward and used in the third succeeding tax year, but may not
32 be carried forward for any tax year thereafter.

33 “(5) The total credits allowed to all taxpayers in any tax year under this section and ORS
34 458.690 may not exceed \$7.5 million. The total credit allowed to a taxpayer in any tax year under
35 this section and ORS 458.690 may not exceed \$500,000.

36 **“SECTION 49b.** The amendments to ORS 315.271 by section 49a of this 2019 Act apply to
37 tax years beginning on or after January 1, 2019, and before January 1, 2022.

38 39 **“CORPORATE ACTIVITY TAX MODIFICATIONS**

40
41 **“SECTION 50.** Section 58, chapter 122, Oregon Laws 2019 (Enrolled House Bill 3427), is
42 amended to read:

43 **“Sec. 58.** As used in sections 58 to 76, **chapter 122, Oregon Laws 2019 (Enrolled House Bill**
44 **3427)** [of this 2019 Act]:

45 “(1)(a) ‘Commercial activity’ means:

1 “(A) The total amount realized by a person, arising from transactions and activity in the regular
2 course of the person’s trade or business, without deduction for expenses incurred by the trade or
3 business[.];

4 **“(B) If received by a financial institution:**

5 **“(i) If the reporting person for a financial institution is a holding company, all items of
6 income reported on the FR Y-9 filed by the holding company;**

7 **“(ii) If the reporting person for a financial institution is a bank organization, all items
8 of income reported on the call report filed by the bank organization; and**

9 **“(iii) If the reporting person for a financial institution is a nonbank financial organiza-
10 tion, all items of income reported in accordance with generally accepted accounting princi-
11 ples; and**

12 **“(C)(i) If received by an insurer, as reported on the statement of premiums accompany-
13 ing the annual statement required under ORS 731.574 to be filed with the Director of the
14 Department of Consumer and Business Services, all gross direct life insurance premiums,
15 gross direct accident and health insurance premiums and gross direct property and casualty
16 insurance premiums; and**

17 **“(ii) The gross amount of surplus lines premiums received on Oregon home state risks
18 as shown in the report required by ORS 735.465.**

19 “(b) ‘Commercial activity’ does not include:

20 “(A) Interest income except:

21 **“(i) Interest on credit sales; or**

22 **“(ii) Interest income, including service charges, received by financial institutions;**

23 “(B) Receipts from the sale, exchange or other disposition of an asset described in section 1221
24 or 1231 of the Internal Revenue Code, without regard to the length of time the person held the asset;

25 **“(C) If received by an insurer, federally reinsured premiums or income from transactions
26 between a reciprocal insurer and its attorney in fact operating under ORS 731.142;**

27 **“(D) Receipts from hedging transactions, to the extent that the transactions are entered
28 into primarily to protect a financial position, including transactions intended to manage the
29 risk of exposure to foreign currency fluctuations that affect assets, liabilities, profits, losses,
30 equity or investments in foreign operations, risk of exposure to interest rate fluctuations or
31 risk of commodity price fluctuations;**

32 “[(C)] (E) Proceeds received attributable to the repayment, maturity or redemption of the prin-
33 cipal of a loan, bond, mutual fund, certificate of deposit or marketable instrument;

34 “[(D)] (F) The principal amount received under a repurchase agreement or on account of any
35 transaction properly characterized as a loan to the person;

36 “[(E)] (G) Contributions received by a trust, plan or other arrangement, any of which is de-
37 scribed in section 501(a) of the Internal Revenue Code, or to which title 26, subtitle A, chapter 1,
38 subchapter (D) of the Internal Revenue Code applies;

39 **“(H) Compensation, whether current or deferred, and whether in cash or in kind, re-
40 ceived or to be received by an employee, a former employee or the employee’s legal successor
41 for services rendered to or for an employer, including reimbursements received by or for an
42 individual for medical or education expenses, health insurance premiums or employee ex-
43 penses or on account of a dependent care spending account, legal services plan, any cafeteria
44 plan described in section 125 of the Internal Revenue Code or any similar employee re-
45 imbursement;**

1 “[(F)] (I) Proceeds received from the issuance of the taxpayer’s own stock, options, warrants,
2 puts or calls, or from the sale of the taxpayer’s treasury stock;

3 “[(G)] (J) Proceeds received on the account of payments from insurance policies **owned by the**
4 **taxpayer**, except those proceeds received for the loss of business revenue;

5 “[(H)] (K) Gifts or charitable contributions received, membership dues received by trade, pro-
6 fessional, homeowners’ or condominium associations, payments received for educational courses,
7 meetings or meals, or similar payments to a trade, professional or other similar association, and
8 fundraising receipts received by any person when any excess receipts are donated or used exclu-
9 sively for charitable purposes;

10 “[(I)] (L) Damages received as the result of litigation in excess of amounts that, if received
11 without litigation, would be treated as commercial activity;

12 “[(J)] (M) Property, money and other amounts received or acquired by an agent on behalf of
13 another in excess of the agent’s commission, fee or other remuneration;

14 “[(K)] (N) Tax refunds, other tax benefit recoveries and reimbursements for the tax imposed
15 under sections 58 to 76, **chapter 122, Oregon Laws 2019 (Enrolled House Bill 3427)**, [of this 2019
16 Act] made by entities that are part of the same unitary group as provided under section 60, **chapter**
17 **122, Oregon Laws 2019 (Enrolled House Bill 3427)** [of this 2019 Act], and reimbursements made
18 by entities that are not members of a unitary group that are required to be made for economic
19 parity among multiple owners of an entity whose tax obligation under sections 58 to 76, **chapter**
20 **122, Oregon Laws 2019 (Enrolled House Bill 3427)**, [of this 2019 Act] is required to be reported
21 and paid entirely by one owner, as provided in section 60, **chapter 122, Oregon Laws 2019 (En-**
22 **rolled House Bill 3427)** [of this 2019 Act];

23 “[(L)] (O) Pension reversions;

24 “[(M)] (P) Contributions to capital;

25 “[(N)] (Q) Receipts from the sale, transfer, exchange or other disposition of motor vehicle fuel
26 or any other product used for the propulsion of motor vehicles;

27 “[(O)] (R) In the case of receipts from the sale of cigarettes or tobacco products by a wholesale
28 dealer, retail dealer, distributor, manufacturer or seller, an amount equal to the federal and state
29 excise taxes paid by any person on or for such cigarettes or tobacco products under subtitle E of
30 the Internal Revenue Code or ORS chapter 323;

31 “[(P)] (S) In the case of receipts from the sale of malt beverages[, *wine or alcoholic liquor, all*]
32 **or wine**, as defined in ORS 471.001, [or] cider, as defined in ORS 471.023[, **or distilled liquor, as**
33 **defined in ORS 471.001**, by a person holding a license issued under ORS chapter 471, an amount
34 equal to the federal and state excise taxes paid by any person on or for such malt beverages, [*wine*
35 *or alcoholic liquor*] **wine or distilled liquor** under subtitle E of the Internal Revenue Code or ORS
36 chapter 471 **or 473**, and any [net] amount paid to the Oregon Liquor Control Commission [by a per-
37 son licensed to sell alcoholic liquor under ORS chapter 471 in excess of the purchase price paid by the
38 licensee] **for sales of distilled spirits by an agent appointed under ORS 471.750**;

39 “[(Q)] (T) In the case of receipts from the sale of marijuana items, as defined in ORS 475B.015,
40 by a person holding a license issued under ORS 475B.010 to 475B.545, an amount equal to the federal
41 and state excise taxes paid by any person on or for such marijuana items under subtitle E of the
42 Internal Revenue Code or ORS 475B.700 to 475B.760 **and any local retail taxes authorized under**
43 **ORS 475B.491**;

44 “(U) **Local taxes collected by a restaurant or other food establishment on sales of meals,**
45 **prepared food or beverages**;

1 **“(V) Tips or gratuities collected by a restaurant or other food establishment and passed**
2 **on to employees;**

3 **“[(R)] (W) Receipts realized by a vehicle dealer certified under ORS 822.020 or a person de-**
4 **scribed in ORS 320.400(9)(a)(B) from the sale or other transfer of a motor vehicle, as defined in**
5 **ORS 801.360, to another vehicle dealer for the purpose of resale by the transferee vehicle dealer,**
6 **but only if the sale or other transfer was based upon the transferee’s need to meet a specific**
7 **customer’s preference for a motor vehicle;**

8 **“[(S)] (X) Registration fees or taxes collected by a vehicle dealer certified under ORS 822.020**
9 **at the sale or other transfer of a motor vehicle, as defined in ORS 801.360, that are owed to a third**
10 **party by the purchaser of the motor vehicle and passed to the third party by the dealer;**

11 **“[(T)] (Y) Receipts from a financial institution for services provided to the financial institution**
12 **in connection with the issuance, processing, servicing and management of loans or credit accounts,**
13 **if the financial institution and the recipient of the receipts have at least 50 percent of their owner-**
14 **ship interests owned or controlled, directly or constructively through related interests, by common**
15 **owners;**

16 **“[(U)] (Z) In the case of amounts retained as commissions by a holder of a license under ORS**
17 **chapter 462, an amount equal to the amounts specified under ORS chapter 462 that must be paid to**
18 **or collected by the Department of Revenue as a tax and the amounts specified under ORS chapter**
19 **462 to be used as purse money;**

20 **“[(V)] (AA) Net revenue of residential care facilities as defined in ORS 443.400 or in-home care**
21 **agencies as defined in ORS 443.305, to the extent that the revenue is derived from or received as**
22 **compensation for providing services to a medical assistance or Medicare recipient;**

23 **“[(W)] (BB) Dividends received;**

24 **“[(X)] (CC) Distributive income received from a pass-through entity;**

25 **“[(Y)] (DD) Receipts from sales to a wholesaler in this state, if the seller receives certification**
26 **at the time of sale from the wholesaler that the wholesaler will sell the purchased property outside**
27 **this state;**

28 **“[(Z)] *Rebates paid to purchasers by retailers or wholesalers;***

29 **“[(AA)] (EE) Receipts from the wholesale or retail sale of groceries;**

30 **“[(BB)] (FF) Receipts from transactions among members of a unitary group;**

31 **“[(CC)] (GG) Moneys, including public purpose charge moneys collected under ORS 757.612 and**
32 **costs of funding or implementing cost-effective energy conservation measures collected under ORS**
33 **757.689, that are collected from customers, passed to a utility and approved by the Public Utility**
34 **Commission and that support energy conservation, renewable resource acquisition and low-income**
35 **assistance programs;**

36 **“[(DD)] (HH) Moneys collected by a utility from customers for the payment of loans through**
37 **on-bill financing;**

38 **“[(EE)] (II) Surcharges collected under ORS 757.736;**

39 **“[(FF)] (JJ) Moneys passed to a utility by the Bonneville Power Administration for the purpose**
40 **of effectuating the Regional Power Act Exchange credits or pursuant to any settlement associated**
41 **with the exchange credit;**

42 **“[(GG)] (KK) Moneys collected [by a utility for] or recovered, by entities listed in ORS**
43 **756.310, cable operators as defined in 47 U.S.C. 522(5), telecommunications carriers as defined**
44 **in 47 U.S.C. 153(51) and providers of information services as defined in 47 U.S.C. 153(24), for**
45 **fees payable under ORS 756.310, right-of-way fees, franchise fees, privilege taxes, federal**

1 taxes[,] **and** local taxes [*and fees payable under ORS 756.310*];

2 “[*HH*] (LL) Charges paid to the Residential Service Protection Fund required by chapter 290,

3 Oregon Laws 1987;

4 “[*II*] (MM) Universal service surcharge moneys collected [*by telecommunications carriers*] **or**

5 **recovered** and paid into the universal service fund established in ORS 759.425;

6 “[*JJ*] (NN) Moneys collected for public purpose funding as described in ORS 759.430;

7 “[*KK*] (OO) Moneys collected [*for*] **or recovered and paid into** the federal universal service

8 fund as determined by the Federal Communications Commission;

9 “[*LL*] (PP) In the case of a seller or provider of telecommunications services, the amount of

10 tax imposed under ORS 403.200 for access to the emergency communications system that is collected

11 from subscribers or consumers;

12 “[*MM*] (QQ) In the case of a transient lodging tax collector, the amount of tax imposed under

13 ORS 320.305 and of any local transient lodging tax imposed upon the occupancy of transit lodging;

14 “[*NN*] (RR) In the case of a seller of bicycles, the amount of tax imposed under ORS 320.415

15 upon retail sales of bicycles;

16 “[*OO*] (SS) In the case of a qualified heavy equipment provider, the amount of tax imposed

17 under section 2, chapter 64, Oregon Laws 2018, upon the rental price of heavy equipment;

18 “[*PP*] (TT) [*Receipts representing business done with or for members of*] **Farmer sales to** an

19 agricultural cooperative in this state that is a cooperative organization described in section 1381

20 of the Internal Revenue Code; and

21 “[*QQ*] (UU) Revenue received by a business entity that is mandated by contract or subcontract

22 to be distributed to another person or entity if the revenue constitutes sales commissions that are

23 paid to a person who is not an employee of the business entity, including, without limitation, a

24 split-fee real estate commission.

25 “[*(2)(a)* ‘Commercial activity of a financial institution’ includes all items of income without de-

26 duction for expenses.]

27 “[*(b)* If the reporting person for a financial institution is a holding company, ‘commercial activity

28 of a financial institution’ includes all items of income reported on the FR Y-9 filed by the holding

29 company.]

30 “[*(c)* If the reporting person for a financial institution is a bank organization, ‘commercial activity

31 of a financial institution’ includes all items of income reported on the call report filed by the bank or-

32 ganization.]

33 “[*(d)* If the reporting person for a financial institution is a nonbank financial organization, ‘com-

34 mercial activity of a financial institution’ includes all items of income reported in accordance with

35 generally accepted accounting principles.]

36 “[*(3)* ‘Commercial activity of an insurer’ includes all items of income without deduction for expenses

37 and all items of income] [*reported on the statement of income accompanying the annual statement re-*

38 *quired under ORS 731.574 to be filed with the Director of the Department of Consumer and Business*

39 *Services.*]

40 “[*(4)* (2) ‘Cost inputs’ means the cost of goods sold as calculated [*under section 471 of the*

41 *Internal Revenue Code*] **in arriving at federal taxable income under the Internal Revenue**

42 **Code.**

43 “[*(5)* (3) ‘Doing business’ means engaging in any activity, whether legal or illegal, that is con-

44 ducted for, or results in, the receipt of commercial activity at any time during a calendar year.

45 “[*(6)* (4) ‘Excluded person’ means any of the following:

1 “(a) Organizations described in sections 501(c) and 501(j) of the Internal Revenue Code, unless
2 the exemption is denied under section 501(h), (i) or (m) or under section 502, 503 or 505 of the
3 Internal Revenue Code.

4 “(b) Organizations described in section 501(d) of the Internal Revenue Code, unless the ex-
5 emption is denied under section 502 or 503 of the Internal Revenue Code.

6 “(c) Organizations described in section 501(e) of the Internal Revenue Code.

7 “(d) Organizations described in section 501(f) of the Internal Revenue Code.

8 “(e) Charitable risk pools described in section 501(n) of the Internal Revenue Code.

9 “(f) Organizations described in section 521 of the Internal Revenue Code.

10 “(g) Qualified state tuition programs described in section 529 of the Internal Revenue Code.

11 “(h) Foreign or alien insurance companies, but only with respect to the underwriting profit de-
12 rived from writing wet marine and transportation insurance subject to tax under ORS 731.824 and
13 731.828.

14 “(i) Governmental entities.

15 “(j) Any person with commercial activity that does not exceed [*\$1 million*] **\$750,000** for the cal-
16 endar year, other than a person that is part of a unitary group as provided in section 60, **chapter**
17 **122, Oregon Laws 2019 (Enrolled House Bill 3427)**, [*of this 2019 Act*] with commercial activity in
18 excess of [*\$1 million*] **\$750,000**.

19 “(k) Hospitals subject to assessment under section 2, chapter 736, Oregon Laws 2003, long term
20 care facilities subject to assessment under section 16, chapter 736, Oregon Laws 2003, or any entity
21 subject to assessment under section 3, 5 or 9, chapter 538, Oregon Laws 2017.

22 “[*(7)*] **(5)** ‘Financial institution’ has the meaning given that term in ORS 314.610, except that
23 ‘financial institution’ does not include a credit union.

24 “[*(8)(a)*] **(6)(a)** ‘FR Y-9’ means the consolidated or parent-only financial statements that a holding
25 company is required to file with the Federal Reserve Board pursuant to 12 U.S.C. 1844.

26 “(b) In the case of a holding company required to file both consolidated and parent-only financial
27 statements, ‘FR Y-9’ means the consolidated financial statements that the holding company is re-
28 quired to file.

29 “[*(9)*] **(7)** ‘Governmental entity’ means:

30 “(a) The United States and any of its unincorporated agencies and instrumentalities.

31 “(b) Any incorporated agency or instrumentality of the United States wholly owned by the
32 United States or by a corporation wholly owned by the United States.

33 “(c) The State of Oregon and any of its unincorporated agencies and instrumentalities.

34 “(d) Any county, city, district or other political subdivision of the state.

35 “(e) [*Any public corporation*] **A special government body as defined in ORS 174.117.**

36 “(f) A federally recognized Indian tribe.

37 “[*(10)*] **(8)** ‘Groceries’ means food as defined in 7 U.S.C. 2012(k), **but does not include**
38 **cannabinoid edibles or marijuana seeds.**

39 “**(9)(a) ‘Hedging transaction’ means a hedging transaction as defined in section 1221 of**
40 **the Internal Revenue Code or a transaction accorded hedge accounting treatment under Fi-**
41 **ancial Accounting Standards Board Statement No. 133.**

42 “**(b) ‘Hedging transaction’ does not include a transaction in which an actual transfer of**
43 **title of real or tangible property to another entity occurs.**

44 “[*(11)*] **(10)** ‘Insurer’ has the meaning given that term in ORS 317.010.

45 “[*(12)*] **(11)** ‘Internal Revenue Code,’ except where the Legislative Assembly has provided other-

1 wise, refers to the laws of the United States or to the Internal Revenue Code as they are amended
2 and in effect on December 31, 2018.

3 “[(13)] (12) ‘Labor costs’ means total compensation of all employees, not to include compensation
4 paid to any single employee in excess of \$500,000.

5 “[(14)(a)] (13)(a) ‘Motor vehicle fuel or any other product used for the propulsion of motor ve-
6 hicles’ means:

7 “(A) Motor vehicle fuel as defined in ORS 319.010; and

8 “(B) Fuel the use of which in a motor vehicle is subject to taxation under ORS 319.530.

9 “(b) ‘Motor vehicle fuel or any other product used for the propulsion of motor vehicles’ does not
10 mean:

11 “(A) Electricity; or

12 “(B) Electric batteries or any other mechanical or physical component or accessory of a motor
13 vehicle.

14 “[(15)] (14) ‘Person’ includes individuals, combinations of individuals of any form, receivers,
15 assignees, trustees in bankruptcy, firms, companies, joint-stock companies, business trusts, estates,
16 partnerships, limited liability partnerships, limited liability companies, associations, joint ventures,
17 clubs, societies, entities organized as for-profit corporations under ORS chapter 60, C corporations,
18 S corporations, qualified subchapter S subsidiaries, qualified subchapter S trusts, trusts, entities that
19 are disregarded for federal income tax purposes and any other entities.

20 “[(16)] (15) ‘Retailer’ means a person doing business by selling tangible personal property to a
21 purchaser for a purpose other than:

22 “(a) Resale by the purchaser of the property as tangible personal property in the regular course
23 of business;

24 “(b) Incorporation by the purchaser of the property in the course of regular business as an in-
25 gredient or component of real or personal property; or

26 “(c) Consumption by the purchaser of the property in the production for sale of a new article
27 of tangible personal property.

28 “[(17)] (16) ‘Taxable commercial activity’ means commercial activity sourced to this state under
29 section 66, **chapter 122, Oregon Laws 2019 (Enrolled House Bill 3427)** [of this 2019 Act], less any
30 subtraction pursuant to section 64, **chapter 122, Oregon Laws 2019 (Enrolled House Bill 3427)**
31 [of this 2019 Act].

32 “[(18)(a)] (17)(a) ‘Taxpayer’ means any person or unitary group required to register, file or pay
33 tax under sections 58 to 76, **chapter 122, Oregon Laws 2019 (Enrolled House Bill 3427)** [of this
34 2019 Act].

35 “(b) ‘Taxpayer’ does not include excluded persons, **except to the extent that a tax-exempt**
36 **entity has unrelated business income that is taxable under the Internal Revenue Code.**

37 “[(19)(a)] (18)(a) ‘Unitary business’ means a business enterprise in which there exists directly
38 or indirectly between the members or parts of the enterprise a sharing or exchange of value as
39 demonstrated by:

40 “(A) Centralized management or a common executive force;

41 “(B) Centralized administrative services or functions resulting in economies of scale; or

42 “(C) Flow of goods, capital resources or services demonstrating functional integration.

43 “(b) ‘Unitary business’ may include a business enterprise the activities of which:

44 “(A) Are in the same general line of business, such as manufacturing, wholesaling or retailing;

45 or

1 “(B) Constitute steps in a vertically integrated process, such as the steps involved in the pro-
2 duction of natural resources, which might include exploration, mining, refining and marketing.

3 “[20] (19) ‘Unitary group’ means a group of persons with more than 50 percent common own-
4 ership, either direct or indirect, that is engaged in business activities that constitute a unitary
5 business.

6 “[21] (20) ‘Wholesaler’ means a person primarily doing business by merchant distribution of
7 tangible personal property to retailers or to other wholesalers.

8 “**SECTION 51.** Section 61, chapter 122, Oregon Laws 2019 (Enrolled House Bill 3427), is
9 amended to read:

10 “**Sec. 61.** (1) Except as provided in subsection (2) of this section:

11 “(a) A person shall include as taxable commercial activity the value of property the person
12 transfers into this state for the person’s own use in the course of a trade or business within one year
13 after the person receives the property outside this state; and

14 “(b) In the case of a unitary group, the taxpayer shall include as taxable commercial activity
15 the value of property that any of the taxpayer’s members transferred into this state for the use in
16 the course of a trade or business by any of the taxpayer’s members within one year after the tax-
17 payer receives the property outside this state.

18 “(2) Property brought into this state within one year after it is received outside this state by a
19 person or unitary group described in subsection (1) of this section may not be included as taxable
20 commercial activity as required under subsection (1) of this section if **the person or unitary group**
21 **can show or if** the Department of Revenue ascertains that the property’s receipt outside this state
22 by the person or unitary group followed by its transfer into this state within one year was not in-
23 tended in whole or in part to avoid in whole or in part the tax imposed under sections 58 to 76,
24 **chapter 122, Oregon Laws 2019 (Enrolled House Bill 3427)** [of this 2019 Act].

25 “(3) The department may adopt rules necessary to administer this section.

26 “**SECTION 52.** Section 63, chapter 122, Oregon Laws 2019 (Enrolled House Bill 3427), is
27 amended to read:

28 “**Sec. 63.** (1) A corporate activity tax is imposed on each person with taxable commercial ac-
29 tivity for the privilege of doing business in this state. The tax is imposed upon persons with sub-
30 stantial nexus with this state. The tax imposed under this section is not a transactional tax and is
31 not subject to the Interstate Income Act of 1959 (P.L. 86-272). The tax imposed under this section
32 is in addition to any other taxes or fees imposed under the tax laws of this state. The tax imposed
33 under this section is imposed on the person [receiving] **with** the commercial activity and is not a tax
34 imposed directly on a purchaser. The tax imposed under this section is an annual privilege tax for
35 the calendar year and shall be remitted quarterly to the Department of Revenue. A taxpayer is
36 subject to the annual corporate activity tax for doing business during any portion of such calendar
37 year.

38 “(2) A person has substantial nexus with this state if any of the following applies. The person:

39 “(a) Owns or uses a part or all of its capital in this state.

40 “(b) Holds a certificate of existence or authorization issued by the Secretary of State authorizing
41 the person to do business in this state.

42 “(c) Has bright-line presence in this state.

43 “(d) Otherwise has nexus with this state to an extent that the person can be required to remit
44 the tax imposed under sections 58 to 76, **chapter 122, Oregon Laws 2019 (Enrolled House Bill**
45 **3427)**, [of this 2019 Act] under the United States Constitution.

1 “(3) A person has bright-line presence in this state for the calendar year if any of the following
2 applies. The person:

3 “(a) Owns at any time during the calendar year property in this state with an aggregate value
4 of at least \$50,000. For purposes of this paragraph, owned property is valued at original cost and
5 rented property is valued at eight times the net annual rental charge.

6 “(b) Has during the calendar year payroll in this state of at least \$50,000. Payroll in this state
7 includes the following:

8 “(A) Any amount subject to withholding by the person under ORS 316.167 and 316.172;

9 “(B) Any other amount the person pays as compensation to an individual under the supervision
10 or control of the person for work done in this state; and

11 “(C) Any amount the person pays for services performed in this state on the person’s behalf by
12 another.

13 “(c) Has during the calendar year commercial activity, sourced to this state under section 66,
14 **chapter 122, Oregon Laws 2019 (Enrolled House Bill 3427)** [of this 2019 Act], of at least \$750,000.

15 “(d) Has at any time during the calendar year within this state at least 25 percent of the
16 person’s total property, total payroll or total commercial activity.

17 “(e) Is a resident of this state or is domiciled in this state for corporate, commercial or other
18 business purposes.

19 “(4) **Notwithstanding subsection (1) of this section, a vehicle dealer may collect from the**
20 **purchaser of a motor vehicle the estimated portion of the tax imposed under this section**
21 **that is attributable to commercial activity from the sale of the vehicle.**

22 “**SECTION 53.** Section 64, chapter 122, Oregon Laws 2019 (Enrolled House Bill 3427), is
23 amended to read:

24 “**Sec. 64.** (1) A taxpayer shall subtract from commercial activity sourced to this state 35 percent
25 of the greater of the following amounts paid or incurred by the taxpayer in the tax year:

26 “(a) The amount of cost inputs; or

27 “(b) The taxpayer’s labor costs.

28 “(2) The amounts in subsection (1)(a) or (b) of this section shall be apportioned to this state in
29 the manner required for apportionment of income under ORS 314.605 to 314.675.

30 “(3) **A subtraction under this section is not allowed for any amount of:**

31 “(a) **Expenses from transactions among members of a group, as excluded under section**
32 **60, chapter 122, Oregon Laws 2019 (Enrolled House Bill 3427); or**

33 “(b) **Cost inputs or labor costs that are attributable to a person’s receipts from an item**
34 **that is not commercial activity.**

35 “[3] (4) Notwithstanding subsection (1) of this section, the subtraction under this section may
36 not exceed 95 percent of the taxpayer’s commercial activity in this state.

37 “**SECTION 54.** Section 66, chapter 122, Oregon Laws 2019 (Enrolled House Bill 3427), is
38 amended to read:

39 “**Sec. 66.** (1) For purposes of sections 58 to 76, **chapter 122, Oregon Laws 2019 (Enrolled**
40 **House Bill 3427)** [of this 2019 Act], commercial activity [*other than commercial activity of financial*
41 *institutions or insurers*] shall be sourced to this state as follows:

42 “(a) In the case of the sale, rental, lease or license of real property, if and to the extent the
43 property is located in this state.

44 “(b) In the case of the rental, lease or license of tangible personal property, if and to the extent
45 the property is located in this state.

1 “(c) In the case of the sale of tangible personal property, if and to the extent the property is
2 delivered to a purchaser in this state.

3 “(d) In the case of the sale of a service, if and to the extent the service is delivered to a location
4 in this state.

5 “(e) In the case of the sale, rental, lease or license of intangible property, if and to the extent
6 the property is used in this state. If the receipts are not based on the amount of use of the property,
7 but rather on the right to use the property, and the payor has the right to use the property in this
8 state, the receipts shall be sourced to this state to the extent the receipts are based on the right
9 to use the property in this state.

10 “(f) **In the case of a financial institution or an insurer, commercial activity not otherwise**
11 **described in this section is sourced to this state if it is from business conducted in this state.**

12 “(2) If the sourcing provisions of subsection (1) of this section do not fairly represent the extent
13 of a person’s commercial activity attributable to this state, the person may request, or the Depart-
14 ment of Revenue may require or permit, an alternative method. A request under this subsection by
15 a person must be made within the statute of limitations applicable to sections 58 to 76, **chapter 122,**
16 **Oregon Laws 2019 (Enrolled House Bill 3427)** [of this 2019 Act].

17 “(3) The department may adopt rules to provide additional guidance to the application of this
18 section, and to provide alternative methods of sourcing commercial activity that apply to financial
19 institutions and to insurers, and to any other persons, or a subset of persons, that are engaged in
20 similar business or trade activities.

21 “**SECTION 55.** Section 67, chapter 122, Oregon Laws 2019 (Enrolled House Bill 3427), is
22 amended to read:

23 “**Sec. 67.** (1) Except as expressly authorized by this section, the authority to impose, in this
24 state, a tax upon the commercial activity of an entity is vested solely in the Legislative Assembly.
25 A city, county, district or other political subdivision or municipal corporation of this state may not
26 impose, by ordinance or other law, a tax upon commercial activity or upon receipts from grocery
27 sales.

28 “(2) Subsection (1) of this section does not apply:

29 “(a) To any tax, or to subsequent amendments of the provisions of any tax, if the ordinance or
30 other law imposing the tax is in effect and operative on April 1, 2019, or is adopted by initiative or
31 referendum petition at an election held prior to March 1, 2019; or

32 “(b) To the imposition of **privilege taxes not measured by commercial activity**, franchise fees
33 [or franchise taxes] or **right-of-way fees**.

34 “**SECTION 56.** Section 70, chapter 122, Oregon Laws 2019 (Enrolled House Bill 3427), is
35 amended to read:

36 “**Sec. 70.** (1) For purposes of the corporate activity tax imposed under section 63, **chapter 122,**
37 **Oregon Laws 2019 (Enrolled House Bill 3427)** [of this 2019 Act], every person doing business in
38 this state with commercial activity for the tax year in excess of \$1 million shall file not later than
39 April 15 of the following year an annual return. The return must be filed with the Department of
40 Revenue in a form prescribed by the department.

41 “(2) The corporate activity tax imposed under section 63, **chapter 122, Oregon Laws 2019**
42 **(Enrolled House Bill 3427)**, [of this 2019 Act] is due and **estimated tax payments are** payable to
43 the department on or before the last day of January, April, July and October of each year for the
44 previous calendar quarter.

45 “(3) The department may by rule extend the time for making any return for good cause. If the

1 time for filing a return is extended at the request of a taxpayer, interest on any unpaid tax at the
2 rate established under ORS 305.220 from the time the return was originally required to be filed to
3 the time of payment, shall be added and paid.

4 **“SECTION 57. Section 58 of this 2019 Act is added to and made a part of sections 58 to**
5 **76, chapter 122, Oregon Laws 2019 (Enrolled House Bill 3427).**

6 **“SECTION 58. An exclusion from taxable commercial activity shall be allowed for sub-**
7 **contracting payments for labor costs that are made by a general contractor, as defined in**
8 **ORS 701.005, to a subcontractor, as defined in ORS 701.410, pursuant to a contract for resi-**
9 **dential real estate construction. The exclusion under this section:**

10 **“(1) Shall be allowed only for single-family residential construction located in Oregon;**

11 **“(2) Is not allowed for payment for materials, land or permits;**

12 **“(3) Is not allowed for payments between subcontractors; and**

13 **“(4) Shall be 15 percent of payments for labor by the general contractor.**

14 **“SECTION 59. Section 58 of this 2019 Act applies to tax years beginning on or after Jan-**
15 **uary 1, 2020, and before January 1, 2026.**

16 **“SECTION 60. The amendments to sections 58, 61, 63, 64, 66 and 70, chapter 122, Oregon**
17 **Laws 2019 (Enrolled House Bill 3427), by sections 50 to 54 and 56 of this 2019 Act apply to tax**
18 **years beginning on or after January 1, 2020.**

19
20 **“CAPTIONS**

21
22 **“SECTION 61. The unit captions used in this 2019 Act are provided only for the conven-**
23 **ience of the reader and do not become part of the statutory law of this state or express any**
24 **legislative intent in the enactment of this 2019 Act.**

25
26 **“EFFECTIVE DATE**

27
28 **“SECTION 62. This 2019 Act takes effect on the 91st day after the date on which the 2019**
29 **regular session of the Eightieth Legislative Assembly adjourns sine die.”**