

Requested by SENATE COMMITTEE ON FINANCE AND REVENUE

**PROPOSED AMENDMENTS TO
SENATE BILL 851**

1 On page 1 of the printed bill, delete lines 5 through 30.

2 Delete page 2 and insert:

3 **“SECTION 1. Section 2 of this 2019 Act is added to and made a part**
4 **of ORS chapter 316.**

5 **“SECTION 2. In addition to the other modifications to federal tax-**
6 **able income contained in this chapter, to derive Oregon taxable in-**
7 **come there shall be added to federal taxable income any amount**
8 **deducted, for the tax year, for federal income tax purposes under sec-**
9 **tion 965(c)(1) of the Internal Revenue Code.**

10 **“SECTION 3. Section 4 of this 2019 Act is added to and made a part**
11 **of ORS chapter 314.**

12 **“SECTION 4. For purposes of ORS 317.267, amounts of global in-**
13 **tangible low-taxed income described in section 951A of the Internal**
14 **Revenue Code and included in gross income shall be treated in the**
15 **same manner as a dividend.**

16 **“SECTION 5. ORS 317.267, as amended by section 28, chapter 101, Oregon**
17 **Laws 2018, is amended to read:**

18 **“317.267. (1) To derive Oregon taxable income, there shall be added to**
19 **federal taxable income:**

20 **“(a) Amounts received as dividends from corporations deducted for fed-**
21 **eral purposes pursuant to section 243 or 245 of the Internal Revenue Code,**

1 except section 245(c) of the Internal Revenue Code[,];

2 “(b) Amounts deducted for income repatriated, deemed or otherwise, un-
3 der [*An Act to Provide for Reconciliation Pursuant to Titles II and V of the*
4 *Concurrent Resolution on the Budget for Fiscal Year 2018 (P.L. 115-97)*,] **sec-**
5 **tion 965 of the Internal Revenue Code;**

6 “(c) **Amounts deducted as global intangible low-taxed income pur-**
7 **suant to section 250 of the Internal Revenue Code;**

8 “(d) Amounts paid as dividends by a public utility or telecommunications
9 utility and deducted for federal purposes pursuant to section 247 of the
10 Internal Revenue Code; or

11 “(e) Dividends eliminated under Treasury Regulations adopted under
12 section 1502 of the Internal Revenue Code that are paid by members of an
13 affiliated group that are eliminated from a consolidated federal return pur-
14 suant to ORS 317.715 (2).

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

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

27 “(b) In the case of any dividend received from a 20 percent owned corpo-
28 ration, as defined in section 243(c) of the Internal Revenue Code, **or global**
29 **intangible low-taxed income included in gross income pursuant to**
30 **section 951A of the Internal Revenue Code**, this subsection shall be ap-

1 plied by substituting ‘80 percent’ for ‘70 percent.’

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

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

9 “(e) In the case of any dividend received from an alien, domestic or for-
10 eign insurer, as defined in ORS 731.082, that would be included in the
11 taxpayer’s consolidated Oregon return but for the application of ORS 317.710
12 (5) or (7), this subsection shall be applied by substituting ‘100 percent’ for
13 ‘70 percent.’

14 **“(f) A subtraction under this subsection is not allowed for any
15 amount of foreign-source dividend income, as described in section 245A
16 of the Internal Revenue Code, that is included in gross income.**

17 “(3) There shall be excluded from the sales factor of any apportionment
18 formula employed to attribute income to this state any amount subtracted
19 from federal taxable income under subsection (2) of this section. **The
20 amount of any dividend or of any global intangible low-taxed income
21 that is apportionable shall be determined as provided by the appor-
22 tionment formula applicable to the taxpayer, as provided in ORS
23 314.280 and 314.605 to 314.675, but may not include any amount sub-
24 tracted under subsection (2) of this section.**

25 **“SECTION 6. (1) Section 2 of this 2019 Act applies to tax years be-
26 ginning on or after January 1, 2017.**

27 **“(2) Section 4 of this 2019 Act and the amendments to ORS 317.267
28 by section 5 of this 2019 Act apply to tax years beginning on or after
29 January 1, 2018.**

30 **“SECTION 7. The Department of Revenue may not impose any in-**

1 **terest or penalty that would otherwise apply to taxes due if the inter-**
2 **est or penalty is based on underpayment or underreporting that results**
3 **solely from the operation of section 2 of this 2019 Act.**

4 **“SECTION 8. Section 7 of this 2019 Act applies to tax years begin-**
5 **ning on or after January 1, 2017, and before January 1, 2019.**

6 **“SECTION 9. This 2019 Act takes effect on the 91st day after the**
7 **date on which the 2019 regular session of the Eightieth Legislative**
8 **Assembly adjourns sine die.”.**

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