

# DRAFT

## SUMMARY

Modifies provisions of tax laws.

Increases expense reimbursement percentage allowed to single film or single local media production project from Oregon Production Investment Fund. Applies to fiscal years beginning on or after July 1, 2022.

Extends availability of income tax credit for rural medical providers to certain medical laboratory scientists and medical laboratory technicians. Applies to tax years beginning on or after January 1, 2022.

For purposes of pass-through business alternative income tax, disallows credit for taxes paid to another state and authorizes Department of Revenue to require estimated payments. Applies to tax years beginning on or after January 1, 2022, and before January 1, 2024, and to estimated payments due on and after June 15, 2022.

Increases limit on Multistate Tax Commission Revolving Account.

Lowers income threshold for occupants for property tax exemptions that county may adopt for newly constructed single-family dwelling.

Requires Department of Revenue to waive penalty or interest due to underpayment or underreporting resulting from authorization of required estimated payments.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to taxation; creating new provisions; amending ORS 284.368, 305.685,  
3 315.616, 317A.100 and 317A.137 and section 2, chapter 527, Oregon Laws  
4 2021, and sections 3 and 5, chapter 589, Oregon Laws 2021; and prescribing  
5 an effective date.

6 **Be It Enacted by the People of the State of Oregon:**

7 **SECTION 1.** ORS 284.368 is amended to read:

8 284.368. (1) As used in this section:

9 (a) "Actual Oregon expenses" means the costs paid in Oregon for princi-

1 pal photography, production or postproduction in Oregon of a film, or for  
2 media production services, including but not limited to the purchase or  
3 rental cost of equipment, food, lodging, real property and permits and pay-  
4 ments made for salaries, wages and benefits for work in Oregon.

5 (b) "Film" means a television movie or one or more episodes of a single  
6 television series, or a movie produced for release to theaters, video or the  
7 Internet. "Film" does not include the production of a commercial or one or  
8 more segments of a newscast or sporting event.

9 (c) "Filmmaker" means a person who owns a television or film production  
10 company.

11 (d) "Local filmmaker" means a person who owns a television or film pro-  
12 duction company that has its principal place of business in this state.

13 (e) "Local media production project" means, if made or performed by a  
14 local media production services company, a single interactive video game or  
15 a portion thereof, or postproduction services for a single film.

16 (f) "Local media production services company" means a media production  
17 services company that has its principal place of business in this state.

18 (g) "Media production services" includes postproduction services and  
19 interactive video game development. "Media production services" does not  
20 include the production of a commercial or one or more segments of a  
21 newscast or sporting event.

22 (h) "Media production services company" means a person who is engaged  
23 in media production services.

24 (i) "Portland metropolitan zone" means the area within a 30-mile radius  
25 of the center of the Burnside Bridge in Portland.

26 (j) "Resident of this state" has the meaning given that term in ORS  
27 316.027.

28 (2)(a) The Oregon Business Development Department may reimburse a  
29 filmmaker or local media production services company for a portion of the  
30 actual Oregon expenses incurred by the filmmaker or local media production  
31 services company.

1 (b) Maximum reimbursement for a single film or a single local media  
2 production project shall be the total of:

3 (A) [10] **20** percent of payments made for employee salaries, wages and  
4 benefits for work done in Oregon; and

5 (B) [20] **25** percent of all other actual Oregon expenses.

6 (c) Notwithstanding paragraph (b) of this subsection, maximum re-  
7 imbursement for a single film may not exceed 50 percent of total moneys  
8 received by the Oregon Production Investment Fund during the biennium in  
9 which the actual Oregon expenses are incurred.

10 (d) To qualify for reimbursement under this subsection, total actual  
11 Oregon expenses for a film or a local media production project must equal  
12 or exceed \$1 million.

13 (3)(a) The department may reimburse a local filmmaker or local media  
14 production services company for all or a portion of the actual Oregon ex-  
15 penses, up to \$1 million, incurred by the local filmmaker or local media  
16 production services company.

17 (b) To qualify for reimbursement under this subsection:

18 (A) Total actual Oregon expenses paid for the film or media production  
19 services must be at least \$75,000;

20 (B) The local filmmaker or local media production services company must  
21 have spent 80 percent of the film's payroll on employees who are residents  
22 of this state; and

23 (C) The local filmmaker or local media production services company must  
24 have employed or contracted with a public accountant certified under ORS  
25 673.040 for the provision of payroll services.

26 (4) In combination with the reimbursements allowed under subsections (2)  
27 and (3) of this section, the department may make an additional payment to  
28 a filmmaker for one of the following:

29 (a) A travel and living expenses rebate of \$200 per employee per day, for  
30 any day that a film is shot entirely outside the Portland metropolitan zone,  
31 not to exceed \$10,000 per day or \$50,000 per film; or

1 (b) An increase of 10 percent of the amount otherwise allowable under  
2 subsections (2) and (3) of this section, if for at least six days and at least  
3 one day more than half of its total shoot days in Oregon the film is shot  
4 entirely outside the Portland metropolitan zone.

5 (5) Reimbursement under this section shall be made from moneys credited  
6 to or deposited in the Oregon Production Investment Fund during the  
7 biennium in which the actual Oregon expenses were paid or any prior  
8 biennium. A reimbursement may not be made to the extent funds are not  
9 available in the fund to make the reimbursement.

10 (6)(a) Total actual Oregon expenses supporting a claim for reimbursement  
11 under this section must be verified by the Oregon Film and Video Office. The  
12 filmmaker or local media production services company must submit to the  
13 office proof of the actual Oregon expenses. The proof must include any doc-  
14 umentation that may be required by the office in its discretion to verify the  
15 actual Oregon expenses.

16 (b) The office may charge the filmmaker or local media production ser-  
17 vices company for costs reasonably incurred to verify the actual Oregon ex-  
18 penses, including but not limited to the cost for a review or audit of the  
19 supporting documentation by an accountant or auditor. The office may re-  
20 quire the department to deduct the costs incurred by the office in performing  
21 its review or audit from any reimbursement made to the filmmaker or local  
22 media production services company under this section.

23 (c) The office may adopt rules that establish a procedure for the sub-  
24 mission and verification of actual Oregon expenses.

25 **SECTION 2.** ORS 315.616 is amended to read:

26 315.616. A resident or nonresident individual who is certified as eligible  
27 under ORS 442.561, 442.562, 442.563 or 442.564, and is licensed as a physician  
28 under ORS chapter 677, licensed as a physician assistant under ORS chapter  
29 677, licensed as a nurse practitioner under ORS chapter 678, licensed as a  
30 certified registered nurse anesthetist under ORS chapter 678, licensed as a  
31 dentist under ORS chapter 679 [or], licensed as an optometrist under ORS

1 683.010 to 683.340 **or certified by the American Society for Clinical**  
2 **Pathology as a medical laboratory scientist or as a medical laboratory**  
3 **technician** is entitled to the tax credit described in ORS 315.613 even if not  
4 a member of the hospital medical staff if the Office of Rural Health certifies  
5 that the individual:

6 (1) Is engaged for at least 20 hours per week, averaged over the month,  
7 during the tax year in a rural practice; and

8 (2)(a) If a physician or a physician assistant, can cause a patient to be  
9 admitted to the hospital;

10 (b) If a certified registered nurse anesthetist, is employed by or has a  
11 contractual relationship with one of the hospitals described in ORS 315.613  
12 (1); [or]

13 (c) **If certified as a medical laboratory scientist or as a medical**  
14 **laboratory technician, is employed by a hospital that is at least 50**  
15 **miles from a major population center in a qualified metropolitan sta-**  
16 **tistical area; or**

17 [(c)] (d) If an optometrist, has consulting privileges with a hospital listed  
18 in ORS 315.613 (1). This paragraph does not apply to an optometrist who  
19 qualifies as a “frontier rural practitioner,” as defined by the Office of Rural  
20 Health.

21 **SECTION 3.** Section 3, chapter 589, Oregon Laws 2021, is amended to  
22 read:

23 **Sec. 3.** (1) A pass-through entity may elect to be liable for and pay a  
24 pass-through business alternative income tax if all members of the pass-  
25 through entity are:

26 (a) Individuals subject to the personal income tax imposed under ORS  
27 chapter 316; or

28 (b) Entities that are pass-through entities owned entirely by individuals  
29 subject to the personal income tax imposed under ORS chapter 316.

30 (2) The election to pay the pass-through business alternative income tax  
31 is available if consent is given by all members of the electing pass-through

1 entity who are members at the time the election is filed or is made by any  
2 officer, manager or member of the electing pass-through entity who is au-  
3 thorized, under law or the entity's organizational documents, to make the  
4 election and who represents to having such authorization under penalties of  
5 perjury. The election shall be made annually on or before the [*due date, in-*  
6 *cluding extensions, of the pass-through entity's return*] **15th day of the**  
7 **fourth month of the tax year**, in the form and manner prescribed by the  
8 Department of Revenue. The election may not be made retroactively. The  
9 members of a pass-through entity may revoke an election under this section  
10 for a tax year only on or before the due date of the pass-through entity's  
11 return for that tax year, and only if the revocation is agreed to by all  
12 members who are members at the time of the revocation.

13 (3) In determining the sum of distributive proceeds and computing the tax  
14 under this section, a pass-through entity shall add back any amount of  
15 Oregon tax imposed under this chapter and deducted by the pass-through  
16 entity at the entity level for federal income tax purposes under section 164  
17 of the Internal Revenue Code. **Any amounts added back under this sub-**  
18 **section shall be subject to the rates imposed under subsection (6) of**  
19 **this section.**

20 (4) Each pass-through entity that makes an election for a tax year pur-  
21 suant to this section shall annually report to each of its members, for the  
22 tax year, the member's share of distributive proceeds and share of tax paid  
23 under this section and eligible for the credit allowed under section 8,  
24 **chapter 589, Oregon Laws 2021** [*of this 2021 Act*].

25 (5) The tax imposed on a pass-through entity pursuant to this section  
26 shall be determined with respect to the sum of each member's share of dis-  
27 tributive proceeds attributable to the pass-through entity for the tax year.

28 (6) The rate of the tax imposed by and computed under this section is:

29 (a) Nine percent of the first \$250,000, or fraction thereof, of the sum of  
30 distributive proceeds; and

31 (b) Nine and nine-tenths percent of any amount of distributive proceeds

1 in excess of \$250,000.

2 (7) The amount of pass-through business alternative income tax due from  
3 a pass-through entity in a tax year shall be exclusive of any amount of tax  
4 due and paid by the pass-through entity under this chapter, except as other-  
5 wise provided in sections 2 to 6, **chapter 589, Oregon Laws 2021** [*of this*  
6 *2021 Act*].

7 (8) Pass-through entities that have made an election under this section  
8 shall file an entity tax return. The return shall be accompanied by payment  
9 and shall be due on the date applicable to returns due under ORS chapter  
10 316, as provided in ORS 314.385.

11 **(9) The tax imposed under this section may not be offset by a credit**  
12 **for taxes paid to another state.**

13 **SECTION 4.** Section 5, chapter 589, Oregon Laws 2021, is amended to  
14 read:

15 **Sec. 5.** (1) The Department of Revenue shall administer and enforce  
16 sections 2 to 6, **chapter 589, Oregon Laws 2021** [*of this 2021 Act*].

17 **(2) The department may require that taxpayers make estimated**  
18 **payments.**

19 [(2)] **(3)** The department may adopt or establish rules and procedures that  
20 the department considers necessary or appropriate for the implementation,  
21 administration and enforcement of sections 2 to 6, **chapter 589, Oregon**  
22 **Laws 2021**, [*of this 2021 Act*] and that are consistent with sections 2 to 6,  
23 **chapter 589, Oregon Laws 2021** [*of this 2021 Act*].

24 **SECTION 5.** ORS 317A.100 is amended to read:

25 317A.100. As used in ORS 317A.100 to 317A.158:

26 (1)(a) “Commercial activity” means:

27 (A) The total amount realized by a person, arising from transactions and  
28 activity in the regular course of the person’s trade or business, without de-  
29 duction for expenses incurred by the trade or business;

30 (B) If received by a financial institution:

31 (i) If the reporting person for a financial institution is a holding company,

1 all items of income reported on the FR Y-9 filed by the holding company;

2 (ii) If the reporting person for a financial institution is a bank organiza-  
3 tion, all items of income reported on the call report filed by the bank or-  
4 ganization; and

5 (iii) If the reporting person for a financial institution is a nonbank fi-  
6 nancial organization, all items of income reported in accordance with gen-  
7 erally accepted accounting principles; and

8 (C)(i) If received by an insurer, as reported on the statement of premiums  
9 accompanying the annual statement required under ORS 731.574 to be filed  
10 with the Director of the Department of Consumer and Business Services, all  
11 gross direct life insurance premiums, gross direct accident and health insur-  
12 ance premiums and gross direct property and casualty insurance premiums;  
13 and

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

16 (b) "Commercial activity" does not include:

17 (A) Interest income except:

18 (i) Interest on credit sales; or

19 (ii) Interest income, including service charges, received by financial in-  
20 stitutions;

21 (B) Receipts from the sale, exchange or other disposition of an asset de-  
22 scribed in section 1221 or 1231 of the Internal Revenue Code, without regard  
23 to the length of time the person held the asset;

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

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



1 risk of commodity price fluctuations;

2 (E) Proceeds received attributable to the repayment, maturity or redemp-  
3 tion of the principal of a loan, bond, mutual fund, certificate of deposit or  
4 marketable instrument;

5 (F) The principal amount received under a repurchase agreement or on  
6 account of any transaction properly characterized as a loan to the person;

7 (G) Contributions received by a trust, plan or other arrangement, any of  
8 which is described in section 501(a) of the Internal Revenue Code, or to  
9 which title 26, subtitle A, chapter 1, subchapter (D) of the Internal Revenue  
10 Code applies;

11 (H) Compensation, whether current or deferred, and whether in cash or  
12 in kind, received or to be received by an employee, a former employee or the  
13 employee's legal successor for services rendered to or for an employer, in-  
14 cluding reimbursements received by or for an individual for medical or edu-  
15 cation expenses, health insurance premiums or employee expenses or on  
16 account of a dependent care spending account, legal services plan, any cafe-  
17 teria plan described in section 125 of the Internal Revenue Code or any  
18 similar employee reimbursement;

19 (I) Proceeds received from the issuance of the taxpayer's own stock,  
20 options, warrants, puts or calls, or from the sale of the taxpayer's treasury  
21 stock;

22 (J) Proceeds received on the account of payments from insurance policies,  
23 including crop insurance policies, owned by the taxpayer, except those pro-  
24 ceeds received for the loss of commercial activity;

25 (K) Gifts or charitable contributions received, membership dues received  
26 by trade, professional, homeowners' or condominium associations, payments  
27 received for educational courses, meetings or meals, or similar payments to  
28 a trade, professional or other similar association, and fundraising receipts  
29 received by any person when any excess receipts are donated or used exclu-  
30 sively for charitable purposes;

31 (L) Damages received as the result of litigation in excess of amounts that,

1 if received without litigation, would be treated as commercial activity;

2 (M) Property, money and other amounts received or acquired by an agent  
3 on behalf of another in excess of the agent's commission, fee or other  
4 remuneration;

5 (N) Tax refunds from any tax program, other tax benefit recoveries and  
6 reimbursements for the tax imposed under ORS 317A.100 to 317A.158 made  
7 by entities that are part of the same unitary group as provided under ORS  
8 317A.106, and reimbursements made by entities that are not members of a  
9 unitary group that are required to be made for economic parity among mul-  
10 tiple owners of an entity whose tax obligation under ORS 317A.100 to  
11 317A.158 is required to be reported and paid entirely by one owner, as pro-  
12 vided in ORS 317A.106;

13 (O) Pension reversions;

14 (P) Contributions to capital;

15 (Q) Receipts from the sale, transfer, exchange or other disposition of mo-  
16 tor vehicle fuel or any other product used for the propulsion of motor vehi-  
17 cles;

18 (R) In the case of receipts from the sale of cigarettes or tobacco products  
19 by a wholesale dealer, retail dealer, distributor, manufacturer or seller, an  
20 amount equal to the federal and state excise taxes paid by any person on or  
21 for such cigarettes or tobacco products under subtitle E of the Internal  
22 Revenue Code or ORS chapter 323;

23 (S) In the case of receipts from the sale of malt beverages or wine, as  
24 defined in ORS 471.001, cider, as defined in ORS 471.023 or distilled liquor,  
25 as defined in ORS 471.001, by a person holding a license issued under ORS  
26 chapter 471, an amount equal to the federal and state excise taxes paid by  
27 any person on or for such malt beverages, wine or distilled liquor under  
28 subtitle E of the Internal Revenue Code or ORS chapter 471 or 473, and any  
29 amount paid to the Oregon Liquor and Cannabis Commission for sales of  
30 distilled spirits by an agent appointed under ORS 471.750;

31 (T) In the case of receipts from the sale of marijuana items, as defined in

1 ORS 475C.009, by a person holding a license issued under ORS 475C.005 to  
2 475C.525, an amount equal to the federal and state excise taxes paid by any  
3 person on or for such marijuana items under subtitle E of the Internal Rev-  
4 enue Code or ORS 475C.670 to 475C.734 and any local retail taxes authorized  
5 under ORS 475C.453;

6 (U) Local taxes collected by a restaurant or other food establishment on  
7 sales of meals, prepared food or beverages;

8 (V) Tips or gratuities collected by a restaurant or other food establish-  
9 ment and passed on to employees;

10 (W) Receipts realized by a vehicle dealer certified under ORS 822.020 or  
11 a person described in ORS 320.400 (8)(a)(B) from the sale or other transfer  
12 of a motor vehicle, as defined in ORS 801.360, to another vehicle dealer for  
13 the purpose of resale by the transferee vehicle dealer, but only if the sale  
14 or other transfer was based upon the transferee's need to meet a specific  
15 customer's preference for a motor vehicle or is an exchange of new vehicles  
16 between franchised motor vehicle dealerships;

17 (X) Registration fees or taxes collected by a vehicle dealer certified under  
18 ORS 822.020 or a person described in ORS 320.400 (8)(a)(B) at the sale or  
19 other transfer of a motor vehicle, as defined in ORS 801.360, that are owed  
20 to a third party by the purchaser of the motor vehicle and passed to the third  
21 party by the dealer;

22 (Y) Receipts from a financial institution for services provided to the fi-  
23 nancial institution in connection with the issuance, processing, servicing and  
24 management of loans or credit accounts, if the financial institution and the  
25 recipient of the receipts have at least 50 percent of their ownership interests  
26 owned or controlled, directly or constructively through related interests, by  
27 common owners;

28 (Z) In the case of amounts retained as commissions by a holder of a li-  
29 cense under ORS chapter 462, an amount equal to the amounts specified un-  
30 der ORS chapter 462 that must be paid to or collected by the Department of  
31 Revenue as a tax and the amounts specified under ORS chapter 462 to be

1 used as purse money;

2 (AA) Receipts of residential care facilities as defined in ORS 443.400 or  
3 in-home care agencies as defined in ORS 443.305, to the extent that the re-  
4 cepts are derived from or received as compensation for providing services  
5 to a medical assistance or Medicare recipient;

6 (BB) Dividends received;

7 (CC) Distributive income received from a pass-through entity;

8 (DD) Receipts from sales to a wholesaler in this state, if the seller re-  
9 ceives certification at the time of sale from the wholesaler that the whole-  
10 saler will sell the purchased property outside this state;

11 (EE) Receipts from the wholesale or retail sale of groceries, including  
12 receipts of a person that owns groceries at the time of sale and compensation  
13 of any consignee engaged in effecting the sale of groceries on behalf the  
14 owner of the groceries, but only to the extent that the compensation relates  
15 to grocery sales;

16 (FF) Receipts from transactions among members of a unitary group;

17 (GG) Moneys, including public purpose charge moneys collected under  
18 ORS 757.612 and moneys collected to plan for and pursue cost-effective en-  
19 ergy efficiency resources under ORS 757.054, that are collected from cus-  
20 tomers, passed to a utility and approved by the Public Utility Commission  
21 and that support energy conservation, renewable resource acquisition and  
22 low-income assistance programs;

23 (HH) Moneys collected by a utility from customers for the payment of  
24 loans through on-bill financing;

25 (II) Surcharges collected under ORS 757.736;

26 (JJ) Moneys passed to a utility by the Bonneville Power Administration  
27 for the purpose of effectuating the Regional Power Act Exchange credits or  
28 pursuant to any settlement associated with the exchange credit;

29 (KK) Moneys collected or recovered, by entities listed in ORS 756.310,  
30 cable operators as defined in 47 U.S.C. 522(5), telecommunications carriers  
31 as defined in 47 U.S.C. 153(51) and providers of information services as de-

1 fined in 47 U.S.C. 153(24), for fees payable under ORS 756.310, right-of-way  
2 fees, franchise fees, privilege taxes, federal taxes and local taxes;

3 (LL) Charges paid to the Residential Service Protection Fund required  
4 by chapter 290, Oregon Laws 1987;

5 (MM) Universal service surcharge moneys collected or recovered and paid  
6 into the universal service fund established in ORS 759.425;

7 (NN) Moneys collected for public purpose funding as described in ORS  
8 759.430;

9 (OO) Moneys collected or recovered and paid into the federal universal  
10 service fund as determined by the Federal Communications Commission;

11 (PP) In the case of a seller or provider of telecommunications services,  
12 the amount of tax imposed under ORS 403.200 for access to the emergency  
13 communications system that is collected from subscribers or consumers;

14 (QQ) In the case of a transient lodging tax collector, the amount of tax  
15 imposed under ORS 320.305 and of any local transient lodging tax imposed  
16 upon the occupancy of transit lodging;

17 (RR) In the case of a seller of bicycles, the amount of tax imposed under  
18 ORS 320.415 upon retail sales of bicycles;

19 (SS) In the case of a qualified heavy equipment provider, the amount of  
20 tax imposed under ORS 307.872 upon the rental price of heavy equipment;

21 (TT) Farmer sales to an agricultural cooperative in this state that is a  
22 cooperative organization described in section 1381 of the Internal Revenue  
23 Code;

24 (UU) Revenue received by a business entity that is mandated by contract  
25 or subcontract to be distributed to another person or entity if the revenue  
26 constitutes sales commissions that are paid to a person who is not an em-  
27 ployee of the business entity, including, without limitation, a split-fee real  
28 estate commission; and

29 (VV) Receipts from the sale of fluid milk by dairy farmers that are not  
30 members of an agricultural cooperative.

31 (2) "Cost inputs" means:

1 (a) The cost of goods sold as calculated in arriving at federal taxable in-  
2 come under the Internal Revenue Code; or

3 (b) In the case of a taxpayer that is engaged in a farming operation, as  
4 defined in ORS 317A.102, and that does not report cost of goods sold for  
5 federal tax purposes, the taxpayer's operating expenses excluding labor costs.

6 (3) "Doing business" means engaging in any activity, whether legal or il-  
7 legal, that is conducted for, or results in, the receipt of commercial activity  
8 at any time during a calendar year.

9 (4) "Excluded person" means any of the following:

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

13 (b) Organizations described in section 501(d) of the Internal Revenue  
14 Code, unless the exemption is denied under section 502 or 503 of the Internal  
15 Revenue Code.

16 (c) Organizations described in section 501(e) of the Internal Revenue  
17 Code.

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

19 (e) Charitable risk pools described in section 501(n) of the Internal Reve-  
20 nue Code.

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

22 (g) Qualified state tuition programs described in section 529 of the Inter-  
23 nal Revenue Code.

24 (h) Foreign or alien insurance companies, but only with respect to the  
25 underwriting profit derived from writing wet marine and transportation in-  
26 surance subject to tax under ORS 731.824 and 731.828 or if an insurance  
27 company is subject to the retaliatory tax under ORS 731.854 and 731.859.

28 (i) Governmental entities.

29 (j) Any person with commercial activity that does not exceed \$750,000 for  
30 the [calendar] tax year, other than a person that is part of a unitary group  
31 as provided in ORS 317A.106 with commercial activity in excess of \$750,000.

1 (k) Hospitals subject to assessment under ORS 414.855, long term care  
2 facilities subject to assessment under ORS 409.801 or any entity subject to  
3 assessment under ORS 414.880 or section 3 or 5, chapter 538, Oregon Laws  
4 2017.

5 (L) Manufactured dwelling park nonprofit cooperatives organized under  
6 ORS chapter 62.

7 (5) “Financial institution” has the meaning given that term in ORS  
8 314.610, except that “financial institution” does not include a credit union.

9 (6)(a) “FR Y-9” means the consolidated or parent-only financial state-  
10 ments that a holding company is required to file with the Federal Reserve  
11 Board pursuant to 12 U.S.C. 1844.

12 (b) In the case of a holding company required to file both consolidated  
13 and parent-only financial statements, “FR Y-9” means the consolidated fi-  
14 nancial statements that the holding company is required to file.

15 (7) “Governmental entity” means:

16 (a) The United States and any of its unincorporated agencies and instru-  
17 mentalities.

18 (b) Any incorporated agency or instrumentality of the United States  
19 wholly owned by the United States or by a corporation wholly owned by the  
20 United States.

21 (c) The State of Oregon and any of its unincorporated agencies and in-  
22 strumentalities.

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

24 (e) A special government body as defined in ORS 174.117.

25 (f) A federally recognized Indian tribe.

26 (8) “Groceries” means food as defined in 7 U.S.C. 2012(k), but does not  
27 include cannabinoid edibles or marijuana seeds.

28 (9)(a) “Hedging transaction” means a hedging transaction as defined in  
29 section 1221 of the Internal Revenue Code or a transaction accorded hedge  
30 accounting treatment under Financial Accounting Standards Board State-  
31 ment No. 133.

1 (b) "Hedging transaction" does not include a transaction in which an ac-  
2 tual transfer of title of real or tangible property to another entity occurs.

3 (10) "Insurer" has the meaning given that term in ORS 317.010.

4 (11) "Internal Revenue Code," except where the Legislative Assembly has  
5 provided otherwise, refers to the laws of the United States or to the Internal  
6 Revenue Code as they are amended and in effect on April 1, 2021.

7 (12) "Labor costs" means total compensation of all employees, not to in-  
8 clude compensation paid to any single employee in excess of \$500,000.

9 (13)(a) "Motor vehicle fuel or any other product used for the propulsion  
10 of motor vehicles" means:

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

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

14 (b) "Motor vehicle fuel or any other product used for the propulsion of  
15 motor vehicles" does not mean:

16 (A) Electricity; or

17 (B) Electric batteries or any other mechanical or physical component or  
18 accessory of a motor vehicle.

19 (14) "Person" includes individuals, combinations of individuals of any  
20 form, receivers, assignees, trustees in bankruptcy, firms, companies, joint-  
21 stock companies, business trusts, estates, partnerships, limited liability  
22 partnerships, limited liability companies, associations, joint ventures, clubs,  
23 societies, entities organized as for-profit corporations under ORS chapter 60,  
24 C corporations, S corporations, qualified subchapter S subsidiaries, qualified  
25 subchapter S trusts, trusts, entities that are disregarded for federal income  
26 tax purposes and any other entities.

27 (15) "Retailer" means a person doing business by selling tangible personal  
28 property to a purchaser for a purpose other than:

29 (a) Resale by the purchaser of the property as tangible personal property  
30 in the regular course of business;

31 (b) Incorporation by the purchaser of the property in the course of regular



1 business as an ingredient or component of real or personal property; or

2 (c) Consumption by the purchaser of the property in the production for  
3 sale of a new article of tangible personal property.

4 (16) "Taxable commercial activity" means commercial activity sourced to  
5 this state under ORS 317A.128, less any subtraction pursuant to ORS  
6 317A.119.

7 (17)(a) "Taxpayer" means any person or unitary group required to regis-  
8 ter, file or pay tax under ORS 317A.100 to 317A.158.

9 (b) "Taxpayer" does not include excluded persons, except to the extent  
10 that a tax-exempt entity has unrelated business income as described in the  
11 Internal Revenue Code.

12 (18) "Tax year" means, except as otherwise provided in ORS 317A.103, a  
13 taxpayer's annual accounting period used for federal income tax purposes  
14 under section 441 of the Internal Revenue Code.

15 (19)(a) "Unitary business" means a business enterprise in which there  
16 exists directly or indirectly between the members or parts of the enterprise  
17 a sharing or exchange of value as demonstrated by:

18 (A) Centralized management or a common executive force;

19 (B) Centralized administrative services or functions resulting in econo-  
20 mies of scale; or

21 (C) Flow of goods, capital resources or services demonstrating functional  
22 integration.

23 (b) "Unitary business" may include a business enterprise the activities  
24 of which:

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

27 (B) Constitute steps in a vertically integrated process, such as the steps  
28 involved in the production of natural resources, which might include explo-  
29 ration, mining, refining and marketing.

30 (20) "Unitary group" means a group of persons with more than 50 percent  
31 common ownership, either direct or indirect, that is engaged in business ac-

1 tivities that constitute a unitary business.

2 (21) “Wholesaler” means a person primarily doing business by merchant  
3 distribution of tangible personal property to retailers or to other whole-  
4 salers.

5 **SECTION 6.** ORS 317A.137 is amended to read:

6 317A.137. (1) For purposes of the corporate activity tax imposed under  
7 ORS 317A.116, every person doing business in this state with commercial  
8 activity for the tax year in excess of \$1 million shall file an annual return  
9 not later than the 15th day of the fourth month following the end of the tax  
10 year. The return must be filed with the Department of Revenue in a form  
11 prescribed by the department.

12 (2) The corporate activity tax imposed under ORS 317A.116 is due and  
13 estimated tax payments for the previous quarter are payable to the depart-  
14 ment on or before **the last day of** the 4th, 7th and 10th months of the tax  
15 year and **of** the first month immediately following the end of the tax year.

16 (3) The department may by rule extend the time for making any return  
17 for good cause. If the time for filing a return is extended at the request of  
18 a taxpayer, interest on any unpaid tax at the rate established under ORS  
19 305.220 from the time the return was originally required to be filed to the  
20 time of payment, shall be added and paid.

21 **SECTION 7.** ORS 305.685 is amended to read:

22 305.685. (1) There is created in the General Fund of the State Treasury  
23 the Multistate Tax Commission Revolving Account. Notwithstanding any  
24 other law, all moneys received by the Department of Revenue as a result of  
25 audits performed by the Multistate Tax Commission shall be deposited in the  
26 Multistate Tax Commission Revolving Account and are continuously appro-  
27 priated to the Department of Revenue for expenses of the Multistate Tax  
28 Commission. As of June 30 of each year, all moneys in excess of [*\$150,000*]  
29 **\$250,000** in this account shall be forwarded to the State Treasurer for deposit  
30 as miscellaneous revenues of the General Fund of the State of Oregon.

31 (2) The Department of Revenue may transfer \$5,000 from the funds ap-

1 appropriated in section 1, chapter 187, Oregon Laws 1975, to the Multistate Tax  
 2 Commission Revolving Account. Such funds are continuously appropriated  
 3 for reimbursement to the Multistate Tax Commission for out-of-state corpo-  
 4 ration audits made for the State of Oregon.

5 **SECTION 8.** Section 2, chapter 527, Oregon Laws 2021, is amended to  
 6 read:

7 **Sec. 2.** (1)(a) The governing body of a county with a population of less  
 8 than 15,000 may adopt an ordinance or resolution granting a property tax  
 9 exemption for eligible housing located within the boundaries of the county.

10 (b) The terms of the exemption must conform to the provisions of sections  
 11 1 to 5, **chapter 527, Oregon Laws 2021** [*of this 2021 Act*].

12 (2)(a) The exemption may be granted only to the eligible housing of an  
 13 eligible owner who has annual [*taxable*] **adjusted gross** income of not more  
 14 than \$75,000 if the owner files a separate federal return, or not more than  
 15 \$150,000 if the owner files a joint federal return, for the tax year of the eli-  
 16 gible owner immediately preceding the tax year in which the eligible owner  
 17 files an application under section 4 or 5, **chapter 527, Oregon Laws 2021,**  
 18 [*of this 2021 Act*] for the eligible housing.

19 (b) The Department of Revenue shall annually adjust the maximum an-  
 20 nual [*taxable*] income amounts specified in paragraph (a) of this subsection  
 21 by multiplying the amounts by the percentage, if any, by which the monthly  
 22 averaged Consumer Price Index for All Urban Consumers, West Region (All  
 23 Items), for the 12 consecutive months ending on the immediately preceding  
 24 December 31 exceeds the monthly averaged Consumer Price Index for All  
 25 Urban Consumers, West Region (All Items), for the 12 consecutive months  
 26 ending on the second preceding December 31.

27 (c) The first year of exemption must be the first assessment year that  
 28 begins after the eligible housing is first occupied by the eligible owner.

29 (d) No more than five dwellings in a county may be newly granted ex-  
 30 emption as eligible housing for any property tax year.

31 (3) A workforce housing exemption law must:

1 (a) Set the percentage of the exemption granted against the real market  
2 value of the eligible housing; and

3 (b) Establish the number of consecutive property tax years, not fewer than  
4 three and not more than five, for which the exemption may be granted.

5 (4)(a) A workforce housing exemption law may not take effect unless,  
6 upon request of the county that adopted the exemption law, the rates of  
7 taxation of the taxing districts whose governing bodies agree to grant the  
8 exemption, when combined with the rate of taxation of the county, equal 51  
9 percent or more of the total combined rate of taxation on the eligible hous-  
10 ing.

11 (b) If the exemption law takes effect, the exemption shall apply to all  
12 property tax levies of all taxing districts in which the eligible housing is  
13 located.

14 (c) The decisions of the taxing districts under paragraph (a) of this sub-  
15 section may not be changed but are not binding with respect to an exemption  
16 law subsequently adopted by the governing body of the county pursuant to  
17 this section.

18 (d) All eligible housing shall be granted exemption on the same terms  
19 provided in the exemption law of the county as in effect on the date the  
20 application for the eligible housing is submitted under section 3, **chapter**  
21 **527, Oregon Laws 2021** [*of this 2021 Act*].

22 (5)(a) A county may adopt at any time a workforce housing exemption law  
23 amending the terms of an exemption granted pursuant to this section, subject  
24 to approval of the taxing districts under subsection (4)(a) of this section, or  
25 terminating the exemption.

26 (b) Notwithstanding an exemption law adopted, or the termination of an  
27 exemption law, pursuant to this subsection, eligible housing that has previ-  
28 ously been granted an exemption shall continue to receive the exemption  
29 under the terms of the exemption law in effect at the time the exemption  
30 was first granted.

31 (6)(a) The county assessor shall disqualify eligible housing granted an

1 exemption under a workforce housing exemption law upon discovery or no-  
2 tice from the eligible owner claiming the deduction that the dwelling is no  
3 longer eligible housing or the individual is no longer an eligible owner.

4 (b)(A) If eligible housing becomes disqualified prior to July 1 of the as-  
5 sessment year, the dwelling shall be valued under ORS 308.232 at its real  
6 market value and shall be assessed at its assessed value under ORS 308.146  
7 or as otherwise provided by law.

8 (B) If eligible housing becomes disqualified on or after July 1, the eligible  
9 housing shall continue to receive the exemption for the current tax year.

10 **SECTION 9. (1) The amendments to ORS 284.368 by section 1 of this**  
11 **2022 Act apply to fiscal years beginning on or after July 1, 2022.**

12 **(2) The amendments to ORS 315.616 by section 2 of this 2022 Act**  
13 **apply to tax years beginning on or after January 1, 2022.**

14 **(3) The amendments to sections 3 and 5, chapter 589, Oregon Laws**  
15 **2021, by sections 3 and 4 of this 2022 Act apply to tax years beginning**  
16 **on or after January 1, 2022, and before January 1, 2024, and to esti-**  
17 **mated payments due on and after June 15, 2022.**

18 **(4) The amendments to section 2, chapter 527, Oregon Laws 2021,**  
19 **by section 8 of this 2022 Act apply to applications for precertification**  
20 **under section 4, chapter 527, Oregon Laws 2021, and applications for**  
21 **exemption under section 5, chapter 527, Oregon Laws 2021, without**  
22 **precertification, filed on or after the effective date of this 2022 Act.**

23 **SECTION 10. The Department of Revenue may not impose any in-**  
24 **terest or penalty that would otherwise apply to taxes due if the inter-**  
25 **est or penalty is based on underpayment or underreporting that results**  
26 **solely from the operation of the amendments to section 5, chapter 589,**  
27 **Oregon Laws 2021, by section 4 of this 2022 Act.**

28 **SECTION 11. This 2022 Act takes effect on the 91st day after the**  
29 **date on which the 2022 regular session of the Eighty-first Legislative**  
30 **Assembly adjourns sine die.**

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