

# DRAFT

## SUMMARY

Digest: The Act makes changes to certain Oregon tax laws. It takes effect on the 91st day after session ends. (Flesch Readability Score: 76.9).

Makes technical, policy and administrative changes to certain Oregon tax laws.

Takes effect on the 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to changes to certain Oregon tax laws; creating new provisions;  
3 amending ORS 285B.627, 291.349, 305.140, 307.555, 307.590, 307.627, 307.651,  
4 307.677, 311.701, 311.795, 311.990, 315.283, 317A.100 and 327.001 and section  
5 5, chapter 414, Oregon Laws 2017, section 17, chapter 579, Oregon Laws  
6 2019, section 3, chapter 589, Oregon Laws 2021, section 16, chapter 82,  
7 Oregon Laws 2022, and sections 1 and 2, chapter 423, Oregon Laws 2023;  
8 repealing ORS 307.157, 311.702, 311.704, 311.706, 311.708, 311.711, 311.716,  
9 311.718, 311.721, 311.722, 311.723, 311.725, 311.727, 311.729, 311.730, 311.731,  
10 311.732, 311.735 and 315.288; and prescribing an effective date.

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

## 2023 LEGISLATION FOLLOW-UP

12  
13  
14  
15 **SECTION 1.** ORS 307.590 is amended to read:

16 307.590. (1) As used in ORS 307.590 to 307.596:

17 (a) “Adopting jurisdiction” means the governing body of a city or county  
18 that adopts an exemption law.

19 (b) “Eligible property” means property described in subsection (3) of this

1 section.

2 (c) "Exemption law" means an ordinance or resolution adopted pursuant  
3 to subsection (2) of this section.

4 (2)(a) The governing body of a city or county may adopt by ordinance or  
5 resolution a law granting a property tax exemption for property described in  
6 subsection (3) of this section.

7 (b) The ordinance or resolution may include any other conditions for the  
8 exemption that do not conflict with ORS 307.590 to 307.596.

9 (3) Property of an owner, lessee or other person responsible for paying the  
10 taxes on the property is eligible for exemption under this section if the  
11 property is:

12 (a)(A) A newly constructed accessory dwelling unit as defined in ORS  
13 215.501; or

14 (B) A duplex, triplex or quadplex that has been newly converted from a  
15 single-family dwelling; and

16 (b) During the period of the exemption:

17 (A) Used as the occupant's primary residence; and

18 (B) Not rented out for consideration as transient lodging for any dura-  
19 tion.

20 (4) For purposes of this section, property shall be considered newly con-  
21 structed or newly converted if, following the completion of the construction  
22 or conversion, a certificate of occupancy was issued for the property at any  
23 time within the 12-month period immediately preceding the date on which  
24 an application for the exemption is first filed under ORS 307.592.

25 (5)(a) Eligible property shall be exempt from taxation for an initial prop-  
26 erty tax year and for the four succeeding property tax years, provided the  
27 conditions for eligibility are met for each year, including the filing of timely  
28 applications.

29 (b) Only one exemption may be granted per tax account.

30 **(6) If not all units in a multiunit property are eligible for the ex-**  
31 **emption, the percentage of exemption shall be the proportion that the**

1 **square footage of the exempt units bears to the square footage of the**  
2 **entire multiunit property.**

3 [(6)(a)] **(7)(a)** An exemption law may not take effect unless:

4 (A) Upon request of the adopting jurisdiction, the governing bodies of the  
5 other taxing districts having territory within the boundaries of the city or  
6 county vote to approve the exemption; and

7 (B) The combined rates of taxation of the city or county and all approving  
8 taxing districts equal 51 percent or more of the total combined rate of taxa-  
9 tion on the eligible property.

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

13 (c) The decisions of the taxing districts under paragraph (a) of this sub-  
14 section may not be changed but are not binding with respect to an exemption  
15 law amended by the adopting jurisdiction pursuant to subsection [(7)] **(8)** of  
16 this section.

17 [(7)(a)] **(8)(a)** An adopting jurisdiction may adopt at any time an ordi-  
18 nance or resolution amending the terms of an exemption law adopted pursu-  
19 ant to this section, subject to the approval of the taxing districts under  
20 subsection [(6)(a)] **(7)(a)** of this section, or repealing the exemption law.

21 (b) Notwithstanding paragraph (a) of this subsection, property that has  
22 been granted an exemption under the exemption law before the effective date  
23 of the amendment shall continue to receive the exemption under the terms  
24 in effect at the time the exemption was first granted.

25 [(8)] **(9)** The exemption granted under this section is in addition to and  
26 not in lieu of any other property tax limit, exemption or partial exemption,  
27 special assessment or deferral.

28 [(9)] **(10)** ORS 315.037 does not apply to this section.

29 **SECTION 2.** Section 17, chapter 579, Oregon Laws 2019, as amended by  
30 section 13, chapter 490, Oregon Laws 2023, and section 4, chapter 545, Oregon  
31 Laws 2023, is amended to read:

1       **Sec. 17.** (1) ORS 315.591 to 315.603 apply to tax years beginning on or  
2 after January 1, 2020, and before January 1, 2030.

3       (2) Except as provided in ORS 315.593 (6), a credit may not be claimed  
4 under ORS 315.593 for tax years beginning on or after January 1, 2030.

5       (3) The amendments to ORS 315.591, 315.593 and 315.595 by sections 1 to  
6 **3, chapter 545, Oregon Laws 2023, [of this 2023 Act]** apply to tax years  
7 beginning on or after January 1, 2024, and before January 1, [2026] **2030**.

8       **SECTION 3.** Section 1, chapter 423, Oregon Laws 2023, is amended to  
9 read:

10       **Sec. 1.** (1)(a) Outstanding ad valorem property taxes, and interest on the  
11 taxes, assessed on real property[, *the ownership of which was transferred,*  
12 *from the federal government to a port district formed under ORS chapter*  
13 *777,]* **described in paragraph (b) of this subsection** by the assessor of the  
14 county in which the real property is located, are hereby canceled.

15       **(b) This subsection applies to property in which the federal gov-**  
16 **ernment held a leasehold interest, from a port district formed under**  
17 **ORS chapter 777, that was terminated.**

18       (2) Ad valorem property taxes, and interest on the taxes, assessed on real  
19 property owned by a port without a working waterfront formed under ORS  
20 chapter 777, that have been outstanding since a date prior to January 1, 2012,  
21 are hereby canceled, provided the tax collector of the county in which the  
22 property is located has exhausted all remedies provided by law for collection  
23 of the taxes and interest.

24       **SECTION 4.** Section 2, chapter 423, Oregon Laws 2023, is amended to  
25 read:

26       **Sec. 2.** Section 1, **chapter 423, Oregon Laws 2023, [of this 2023 Act]** is  
27 repealed on January 2, [2025] **2026**.

28       **SECTION 5.** Section 16, chapter 82, Oregon Laws 2022, is amended to  
29 read:

30       **Sec. 16.** (1) The amendments to ORS 284.368 by section 1, **chapter 82,**  
31 **Oregon Laws 2022, [of this 2022 Act]** apply to fiscal years beginning on or

1 after July 1, 2022.

2 (2)(a) The amendments to sections 3 and 5, chapter 589, Oregon Laws  
3 2021, by sections 3 and 4, **chapter 82, Oregon Laws 2022**, [*of this 2022*  
4 *Act*] apply to tax years beginning on or after January 1, 2022, and before  
5 January 1, [2024] **2026**, and to estimated payments due on and after June 15,  
6 2022.

7 (b) **The amendments to section 3, chapter 589, Oregon Laws 2021,**  
8 **by section 9 of this 2024 Act apply to tax years beginning on or after**  
9 **January 1, 2024, and before January 1, 2026.**

10 (3) The amendments to section 2, chapter 527, Oregon Laws 2021, by sec-  
11 tion 8, **chapter 82, Oregon Laws 2022**, [*of this 2022 Act*] apply to applica-  
12 tions for precertification under section 4, chapter 527, Oregon Laws 2021, and  
13 applications for exemption under section 5, chapter 527, Oregon Laws 2021,  
14 without precertification, filed on or after [*the effective date of this 2022 Act*]  
15 **June 3, 2022.**

16 (4) Section 10, **chapter 82, Oregon Laws 2022**, [*of this 2022 Act*] applies  
17 to tax years beginning on or after January 1, 2022, and before January 1,  
18 2026.

19 (5) Sections 13 and 15, **chapter 82, Oregon Laws 2022**, [*of this 2022*  
20 *Act*] apply to tax years beginning on or after January 1, 2023, and before  
21 January 1, 2029, and to any tax year to which a net operating loss arising  
22 in those tax years is carried back.

23 **SECTION 6. ORS 315.283 applies to sales of publicly supported**  
24 **housing completed in tax years beginning on or after January 1, 2024,**  
25 **and before January 1, 2030.**

26 **SECTION 7. ORS 315.283 is amended to read:**

27 315.283. (1) A taxpayer is allowed a credit against the taxes otherwise due  
28 under ORS chapter 316 or, if the taxpayer is a corporation, under ORS  
29 chapter 317 or 318 for a qualifying sale in Oregon of publicly supported  
30 housing during the tax year. The amount of the credit allowed under this  
31 section may not exceed:

1 (a) For housing owned by the taxpayer for at least five years, 2.5 percent  
2 of the lesser of the housing's sale price or the appraisal under ORS 315.286  
3 (2)(e); or

4 (b) For housing owned by the taxpayer for at least 10 years, five percent  
5 of the lesser of the housing's sale price or the appraisal under ORS 315.286  
6 (2)(e).

7 (2) In order to claim a credit under this section, a taxpayer must:

8 (a) Lack identity of interest with the purchaser; and

9 (b) Receive certification of a credit under ORS 315.286 (6) and submit the  
10 certification to the Department of Revenue upon request of the department.

11 (3) The Department of Revenue may:

12 (a) Adopt rules for carrying out the provisions of this section; and

13 (b) Prescribe the form used to claim a credit under this section and the  
14 information required on the form.

15 (4) Any tax credit otherwise allowable under this section that is not used  
16 by the taxpayer in a particular tax year may be carried forward and offset  
17 against the taxpayer's tax liability for the next succeeding tax year. Any  
18 credit remaining unused in the next succeeding tax year may be carried  
19 forward and used in the second succeeding tax year, and likewise any credit  
20 not used in that second succeeding tax year may be carried forward and used  
21 in the third succeeding tax year, but may not be carried forward for any tax  
22 year thereafter.

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

24 (a) A nonresident is allowed the credit under this section in the propor-  
25 tion provided in ORS 316.117.

26 (b) If a change in the status of a taxpayer from resident to nonresident  
27 or from nonresident to resident occurs, the credit allowed by this section  
28 must be determined in a manner consistent with ORS 316.117.

29 (c) If a change in the tax year of a taxpayer occurs as described in ORS  
30 314.085, or if the Department of Revenue terminates the taxpayer's tax year  
31 under ORS 314.440, the credit allowed under this section must be prorated

1 or computed in a manner consistent with ORS 314.085.

2 **(6) The Housing and Community Services Department shall provide**  
3 **information to the Department of Revenue about all certifications is-**  
4 **sued under this section, if required as provided by ORS 315.058.**

5 **SECTION 8. ORS 315.288 is repealed.**

6

7

## POLICY CHANGES

8

9 **SECTION 9.** Section 3, chapter 589, Oregon Laws 2021, as amended by  
10 section 3, chapter 82, Oregon Laws 2022, is amended to read:

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

14 (a) Individuals subject to the personal income tax imposed under ORS  
15 chapter 316; [or]

16 (b) Entities that are pass-through entities owned entirely by individuals  
17 subject to the personal income tax imposed under ORS chapter 316[.]; **or**

18 **(c) Trusts.**

19 (2) The election to pay the pass-through business alternative income tax  
20 is available if consent is given by all members of the electing pass-through  
21 entity who are members at the time the election is filed or is made by any  
22 officer, manager or member of the electing pass-through entity who is au-  
23 thorized, under law or the entity's organizational documents, to make the  
24 election and who represents to having such authorization under penalties of  
25 perjury. The election shall be made annually on or before the due date, in-  
26 cluding extensions, of the pass-through entity's return, in the form and  
27 manner prescribed by the Department of Revenue. The election may not be  
28 made retroactively. The members of a pass-through entity may revoke an  
29 election under this section for a tax year only on or before the due date of  
30 the pass-through entity's return for that tax year, and only if the revocation  
31 is agreed to by all members who are members at the time of the revocation.

1 (3)(a) In determining the sum of distributive proceeds and computing the  
2 tax under this section, a member of a pass-through entity shall add back any  
3 amount of Oregon tax [*imposed under this chapter and*] deducted by the  
4 pass-through entity at the entity level for federal income tax purposes under  
5 section 164 of the Internal Revenue Code.

6 (b) Any amount that is added back under this subsection and that meets  
7 the conditions for the use of elective rates under ORS 316.043 may be treated  
8 as qualifying income under ORS 316.043, in a proportion determined by the  
9 department by rule.

10 (4) Each pass-through entity that makes an election for a tax year pur-  
11 suant to this section shall annually report to each of its members, for the  
12 tax year, the member's share of distributive proceeds and share of tax paid  
13 under this section and eligible for the credit allowed under section 8, chapter  
14 589, Oregon Laws 2021.

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

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

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

21 (b) Nine and nine-tenths percent of any amount of distributive proceeds  
22 in excess of \$250,000.

23 (7) The amount of pass-through business alternative income tax due from  
24 a pass-through entity in a tax year shall be exclusive of any amount of tax  
25 due and paid by the pass-through entity under [*this chapter*] **ORS chapter**  
26 **314**, except as otherwise provided in sections 2 to 6, chapter 589, Oregon  
27 Laws 2021.

28 (8) Pass-through entities that have made an election under this section  
29 shall file an entity tax return. The return shall be accompanied by payment  
30 and shall be due on the date applicable to returns due under ORS chapter  
31 316, as provided in ORS 314.385.



1        **SECTION 10.** ORS 285B.627 is amended to read:

2        285B.627. (1) In consultation with the Department of Revenue, the Oregon  
3 Business Development Department shall establish and administer the Oregon  
4 Industrial Site Readiness Program. The purpose of the program is to:

5        (a) Enter into tax reimbursement arrangements with qualified project  
6 sponsors pursuant to subsection (5) of this section; or

7        (b) Provide loans, including forgivable loans, to qualified project sponsors  
8 pursuant to subsection (5) of this section.

9        (2)(a) Subject to standards and procedures that the Oregon Business De-  
10 velopment Department shall establish by rule, the department shall designate  
11 regionally significant industrial sites for inclusion in the program.

12        (b) A regionally significant industrial site designated under this section  
13 must be an industrial site that is planned and zoned for industrial use.

14        (3) A project sponsor may apply to participate in the program by submit-  
15 ting an application and development plan in writing in a form prescribed by  
16 the department by rule.

17        (4) The department shall establish by rule criteria and standards for the  
18 qualification of project sponsors to participate in the program.

19        (5) Upon qualification of a project sponsor under this section, and before  
20 July 1, [2023] **2026**, the department may:

21        (a) Enter into a tax reimbursement arrangement with the project sponsor  
22 pursuant to which the project sponsor shall receive an amount equal to 50  
23 percent of the estimated incremental income tax revenues generated by an  
24 eligible employer per tax year, beginning with the first tax year following  
25 the tax year in which a project sponsor is qualified under this section, until  
26 the total investment of the qualified project sponsor in the eligible site  
27 preparation costs, including interest, established under subsection (7) of this  
28 section has been recovered, at which time the tax reimbursement arrange-  
29 ment shall end; or

30        (b) Enter into a loan agreement with the project sponsor under terms and  
31 conditions specified and required by the department. In making a determi-

1 nation to enter into a loan agreement with the project sponsor, the depart-  
2 ment shall consider the reasonableness of the project sponsor's estimated  
3 costs to prepare the site for industrial use, including but not limited to eli-  
4 gible site preparation costs established by the department pursuant to sub-  
5 section (7) of this section. The agreement may specify that a portion of the  
6 loan may be forgiven if the project sponsor enters into a contract with an  
7 eligible employer to conduct a business in the traded sector industry on a  
8 regionally significant industrial site within seven years after the project  
9 sponsor was qualified under this section.

10 (6)(a) The total amount of the loan that may be forgiven under subsection  
11 (5) of this section is the lesser of:

12 (A) Fifty percent of the total cost of eligible site preparation costs; or

13 (B) Fifty percent of the amount of the estimated incremental income tax  
14 revenues for the eligible employer for the term of the loan.

15 (b) Loan forgiveness may not be allowed under subsection (5) of this sec-  
16 tion if any portion of the loan that would not be forgiven would be repaid  
17 by the project sponsor with state funds received from any source.

18 (7) The department shall establish, by rule, eligible site preparation costs  
19 including, but not limited to, some or all of the following:

20 (a) Acquisition and assembly costs associated with creating large devel-  
21 opment parcels.

22 (b) Transportation improvements such as access roads, intersections,  
23 turning lanes, signals, sidewalks, curbs, transit stops and storm drains.

24 (c) Water and sewer infrastructure.

25 (d) Natural resource mitigation.

26 (e) Site grading activities.

27 (f) Environmental remediation and mitigation activities to address  
28 brownfields issues in accordance with state and federally approved remedi-  
29 ation plans.

30 (g) Planning, engineering and administrative costs associated with apply-  
31 ing for necessary local, state and federal permits.

1 (h) Interest-carrying costs incurred by a project sponsor for amounts  
2 borrowed to develop a regionally significant industrial site, not to exceed 20  
3 percent of the total amount forgiven, if any, under subsection (5) of this  
4 section.

5 (8) The total amount of tax reimbursement arrangements and loan  
6 amounts authorized under this section may not exceed \$10 million per year.

7 (9) Funds received pursuant to a tax reimbursement arrangement or a  
8 loan agreement under subsection (5) of this section may not be used for the  
9 payment of:

10 (a) A penalty or fine; or

11 (b) Environmental remediation activities conducted at a regionally sig-  
12 nificant industrial site that is listed or proposed to be listed as a national  
13 priority pursuant to the Comprehensive Environmental Response, Compens-  
14 sation, and Liability Act of 1980 (42 U.S.C. 9605) for which the project  
15 sponsor, eligible employer or any party to the tax reimbursement arrange-  
16 ment or loan agreement is liable under 42 U.S.C. 9607 at that regionally  
17 significant industrial site.

18 (10) The department shall adopt rules to administer and implement the  
19 provisions of this section.

20

21 **PROPERTY TAX CHANGES**

22

23 **SECTION 11. ORS 307.157 is repealed.**

24 **SECTION 12. ORS 311.702, 311.704, 311.706, 311.708, 311.711, 311.716,  
25 311.718, 311.721, 311.722, 311.723, 311.725, 311.727, 311.729, 311.730, 311.731,  
26 311.732 and 311.735 are repealed.**

27 **SECTION 13. The repeal of ORS 311.702, 311.704, 311.706, 311.708,  
28 311.711, 311.716, 311.718, 311.721, 311.722, 311.723, 311.725, 311.727, 311.729,  
29 311.730, 311.731, 311.732 and 311.735 by section 12 of this 2024 Act does  
30 not affect the liability of any person for any outstanding amount ow-  
31 ing under ORS 311.702 to 311.735 as in effect before the effective date**

1 **of this 2024 Act.**

2 **SECTION 14.** ORS 307.555 is amended to read:

3 307.555. (1) As used in this section and ORS 307.558:

4 (a) “Affordable housing covenant” and “eligible covenant holder” have the  
5 meanings given those terms under ORS 456.270.

6 (b) “Condominium unit” or “unit” has the meaning given that term under  
7 ORS 100.005.

8 (c) [*“Permanent”*] **“Long-term”** means for a period of not less than 99  
9 years.

10 (2) Upon compliance with ORS 307.162, land owned by an eligible  
11 covenant holder that is burdened by an affordable housing covenant requir-  
12 ing [*permanent*] **long-term** affordability is exempt from ad valorem property  
13 taxation if, for any property tax year:

14 (a) The improvements on the land constitute owner-occupied housing;

15 (b) Owner-occupied housing is being constructed or rehabilitated on the  
16 land for a reasonable period;

17 (c) The land is being held for a reasonable period for the construction of  
18 owner-occupied housing;

19 (d) The owner-occupied housing on the land is unoccupied while offered  
20 for sale as owner-occupied housing; or

21 (e) The owner is required to be absent from the owner-occupied housing  
22 on the land by reason of health or active military service.

23 (3)(a) Upon compliance with ORS 307.162, 27 percent of the assessed value  
24 of an owner-occupied condominium unit burdened by an affordable housing  
25 covenant requiring [*permanent*] **long-term** affordability is exempt from ad  
26 valorem property taxation.

27 (b) An owner-occupied condominium unit that otherwise remains eligible  
28 shall continue to receive the partial property tax exemption granted under  
29 this subsection if, for any property tax year:

30 (A) The unit is being rehabilitated for a reasonable period and will con-  
31 stitute owner-occupied housing after the rehabilitation is complete;

1 (B) The unit is unoccupied while offered for sale as owner-occupied  
2 housing; or

3 (C) The owner is required to be absent from the unit by reason of health  
4 or active military service.

5 (4)(a) Except as provided in paragraph (b) of this subsection, for purposes  
6 of subsections (2)(b) and (c) and (3)(b)(A) of this section, “reasonable  
7 period” means a period not exceeding seven years.

8 (b) If, before the end of the sixth consecutive property tax year for which  
9 land or an owner-occupied condominium unit is granted an exemption or  
10 partial exemption in the circumstances described in subsection (2)(b) or (c)  
11 or (3)(b)(A) of this section, the eligible covenant holder or owner believes  
12 that the construction, rehabilitation or holding period, as applicable, will  
13 continue past the end of the next following property tax year, the eligible  
14 covenant holder or owner may claim a three-year extension by filing a notice  
15 of extension with the county assessor.

16 (c) The extension becomes effective if the notice of extension is filed on  
17 or before April 1 preceding the first property tax year for which the exten-  
18 sion is claimed and is accompanied by a filing fee equal to the greater of \$200  
19 or one-tenth of one percent of the real market value of the land or the  
20 owner-occupied condominium unit as of the most recent assessment date.

21 (5) Each year that a parcel of land or an owner-occupied condominium  
22 unit is granted exemption or partial exemption under this section, the county  
23 assessor shall enter on the assessment and tax roll that the property is ex-  
24 empt or partially exempt and is subject to potential additional taxes as pro-  
25 vided under ORS 307.558 by adding the notation “potential additional  
26 taxes.”

27 (6) ORS 315.037 does not apply to this section.

28 **SECTION 15.** ORS 307.627 is amended to read:

29 307.627. (1) If, after application has been approved under ORS 307.600 to  
30 307.637, a declaration defined in ORS 100.005 with respect to the property is  
31 presented to the county assessor or tax collector for approval under ORS

1 100.110, or if the county assessor discovers that the multiple-unit housing or  
2 a portion of the multiple-unit housing is changed to a use that is other than  
3 residential or housing, or if the exemption was granted for housing being or  
4 becoming subject to a low income housing assistance contract with an  
5 agency or subdivision of this state or the United States and the housing is  
6 not housing subject to a low income housing assistance contract as of a date  
7 the housing is required to be subject to a low income housing assistance  
8 contract in order to receive the exemption:

9 (a) The exemption granted the multiple-unit housing or portion under  
10 ORS 307.600 to 307.637 shall terminate immediately, without right of notice  
11 or appeal;

12 (b) The property or portion shall be assessed and taxed as other property  
13 similarly situated is assessed and taxed; and

14 (c)(A) Notwithstanding ORS 311.235, there shall be added to the general  
15 property tax roll for the tax year next following the presentation or discov-  
16 ery, to be collected and distributed in the same manner as other real prop-  
17 erty tax, an amount equal to the difference between the amount of tax that  
18 would have been due on the property or portion had it not been exempt under  
19 ORS 307.600 to 307.637 for each of the years, not to exceed the last 10 years,  
20 during which the property was exempt from taxation under ORS 307.600 to  
21 307.637.

22 (B) In the case of multiple-unit housing described in ORS 307.603 (5)(a),  
23 this paragraph applies only if the low income housing assistance contract to  
24 which the housing was or was to become subject was not entered into, **was**  
25 breached or **was** terminated prematurely.

26 (2) If, at the time of presentation or discovery, the property is no longer  
27 exempt, additional taxes shall be imposed as provided in this section, but the  
28 number of years that would otherwise be used to compute the additional  
29 taxes shall be reduced one year for each year that has elapsed since the year  
30 the property was last granted exemption beginning with the oldest year for  
31 which additional taxes are due.

1 (3) The assessment and tax rolls shall show “potential additional tax li-  
2 ability” for each property granted exemption under ORS 307.600 to 307.637.

3 (4) Additional taxes collected under this section shall be deemed to have  
4 been imposed in the year to which the additional taxes relate.

5 **SECTION 16. ORS 308.408, 308.411, 308.412 and 308.413 are added to**  
6 **and made a part of ORS 308.408 to 308.413.**

7 **SECTION 17.** ORS 311.990 is amended to read:

8 311.990. (1) Violation of ORS 311.270 is a Class B violation.

9 (2) Violation of ORS 311.350 is a Class B misdemeanor.

10 (3) Violation of ORS 311.425 (1) is a Class A violation.

11 (4) If a tax collector fails to comply with any of the provisions of law  
12 relating to the receiving and receipting of moneys and warrants collected by  
13 the tax collector for taxes, the tax collector commits a Class A violation.  
14 The court before whom the tax collector is tried shall declare the office of  
15 the tax collector vacant for the remainder of the **tax collector’s** term [*of the*  
16 *tax collector*].

17 (5) If a tax collector willfully returns as unpaid any tax [*which*] **that** has  
18 been paid to the tax collector, the tax collector commits a Class B  
19 misdemeanor.

20 (6) If a tax collector or sheriff neglects or refuses to pay over **to the**  
21 **county treasurer** all moneys collected **for taxes** by the tax collector or  
22 sheriff [*for taxes to the county treasurer*], or neglects or refuses to make a  
23 return of delinquent taxes of the county, or any other return or statement,  
24 as required by the laws relating to the collection of property taxes, the tax  
25 collector or sheriff commits a Class C felony.

26 (7) A person who knowingly makes a [*false oath*] **statement that is un-**  
27 **true with respect to a claim** under ORS 311.666 to 311.701 commits  
28 [*perjury*] **the crime of false swearing** and shall be punished as provided by  
29 ORS [*162.085*] **162.075.**

30 **SECTION 18. The amendments to ORS 311.990 by section 17 of this**  
31 **2024 Act apply to statements made on or after the effective date of this**

1 **2024 Act.**

2 **SECTION 19.** ORS 307.651 is amended to read:

3 307.651. As used in ORS 307.651 to 307.687, unless the context requires  
4 otherwise:

5 (1) "Governing body" means the city legislative body having jurisdiction  
6 over the property for which an exemption may be applied for under ORS  
7 307.651 to 307.687.

8 (2) "Manufactured home" means a structure that complies with any  
9 or all of the following placement standards, or any less restrictive  
10 standard, for the approval of manufactured homes located outside  
11 mobile home parks:

12 (a) The structure shall be multisectional and enclose a space of not  
13 less than 1,000 square feet.

14 (b) The structure shall be placed on an excavated and back-filled  
15 foundation and enclosed at the perimeter such that the structure is  
16 located not more than 12 inches above grade.

17 (c) The structure shall have a pitched roof.

18 (d) The structure shall have exterior siding and roofing which in  
19 color, material and appearance is similar to the exterior siding and  
20 roofing material commonly used on residential dwellings within the  
21 community or which is comparable to the predominant materials used  
22 on surrounding dwellings as determined by the local permit approval  
23 authority.

24 (e) The structure shall be certified by the manufacturer to have an  
25 exterior thermal envelope meeting performance standards that reduce  
26 levels equivalent to the performance standards required of single-  
27 family dwellings constructed under the state building code as defined  
28 in ORS 455.010.

29 (f) The structure shall have a garage or carport constructed of like  
30 materials.

31 [(2)] (3) "Qualified dwelling unit" means a dwelling unit that, at the time



1 an application is filed pursuant to ORS 307.667, has a market value for the  
2 land and improvements of no more than 120 percent, or a lesser percentage  
3 as adopted by the governing body by resolution, of the median sales price  
4 of dwelling units located within the city.

5 [(3)] (4) “Single-unit housing” means a structure having one or more  
6 dwelling units that:

7 (a) Is, or will be, upon purchase, rehabilitation or completion of con-  
8 struction, in conformance with all local plans and planning regulations, in-  
9 cluding special or district-wide plans developed and adopted pursuant to ORS  
10 chapters 195, 196, 197, 197A and 227.

11 (b) If newly constructed, is completed within two years after application  
12 for exemption is approved under ORS 307.674.

13 (c) Is designed for each dwelling unit within the structure to be purchased  
14 by and lived in by one person or one family.

15 (d) Has one or more qualified dwelling units within the single-unit hous-  
16 ing.

17 (e) Is not a floating home, as defined in ORS 830.700, or a manufactured  
18 structure, other than a manufactured home [*described in ORS 197.307 (8)(a)*  
19 *to (f) (2021 Edition)*].

20 [(4)] (5) “Structure” does not include the land or any site development  
21 made to the land, as those terms are defined in ORS 307.010.

22 **SECTION 20.** ORS 307.677 is amended to read:

23 307.677. Notwithstanding ORS 307.651 to 307.687:

24 (1) If the city finds that construction of single-unit housing was not  
25 completed in accordance with ORS 307.651 [(3)(b)] (4)(b), the city may extend  
26 the deadline for completion of construction for a period not to exceed an  
27 additional 24 consecutive months if the city further finds that:

28 (a) The failure to complete construction was due to circumstances beyond  
29 the control of the owner; and

30 (b) The owner had been acting and could reasonably be expected to act  
31 in good faith and with due diligence.

1 (2) If property granted exemption under ORS 307.651 to 307.687 is de-  
2 stroyed by fire or act of God, or is otherwise no longer capable of occupancy  
3 due to circumstances beyond the control of the owner, the exemption shall  
4 cease but no additional taxes or penalty shall be imposed under ORS 307.651  
5 to 307.687 upon the property.

6 **SECTION 21.** ORS 305.140 is amended to read:

7 305.140. (1) Any person having an interest in or lien upon any real prop-  
8 erty may request the Department of Revenue in writing to release such real  
9 property from a cloud on the title of or lien on such property existing, cre-  
10 ated or continued under any one or more of the following:

11 (a) A warrant provided for in ORS 314.430, 321.570, 323.610 or 475C.688;  
12 or

13 (b) The provisions of ORS 311.673, 311.679, 311.689[ *311.711*] or 311.771.

14 (2) If, upon a request under subsection (1) of this section, the department  
15 finds that a sale of such real property would not result in satisfaction in  
16 whole or in part of the taxes due, it shall execute a release of such cloud  
17 or lien upon such property, and such release shall be conclusive evidence of  
18 the removal and extinguishment of such cloud or lien in respect of such real  
19 property.

20 (3) In addition to the release of cloud or lien provided for in subsection  
21 (1) of this section, the department may execute releases on part or all of any  
22 real property in the following cases, which releases shall be conclusive evi-  
23 dence of the removal and extinguishment of such cloud or lien:

24 (a) If the department finds that liability for the amount assessed, together  
25 with all interest thereon and penalties and costs in respect thereof, has been  
26 satisfied;

27 (b) If the department finds that the fair market value of that part of the  
28 property remaining subject to the cloud or lien is at least double the amount  
29 of the liability remaining unsatisfied in respect of such tax and the amount  
30 of all prior liens upon the property;

31 (c) If there is supplied to the department either an irrevocable letter of

1 credit issued by an insured institution as defined in ORS 706.008 or a bond,  
2 in such form and with such surety as the department considers sufficient,  
3 conditioned upon the payment of the amount of the warrant, together with  
4 all interest in respect thereof, within 60 days after the issuance of the re-  
5 lease; or

6 (d) If there is paid to the department in partial satisfaction of the amount  
7 of the warrant provided for in ORS 314.430, 321.570, 323.610 or 475C.688 or  
8 the amount of any lien under ORS 311.673, 311.679, 311.689[, 311.711] or  
9 311.771, an amount not less than the value, as determined by the department,  
10 of the lien of the State of Oregon upon the part of the property so to be re-  
11 leased. In determining such value the department shall give consideration to  
12 the fair market value of the part of the property so to be released and to  
13 such liens thereon as have priority to the lien of the State of Oregon.

14 **SECTION 22.** ORS 311.701 is amended to read:

15 311.701. (1) There is established in the State Treasury the [*Senior*]  
16 **Homestead** Property Tax Deferral Revolving Account to be used by the  
17 Department of Revenue for the purpose of making the payments to:

18 (a) County tax collectors of property taxes deferred for tax years begin-  
19 ning on or after January 1, 1983, as required by ORS 311.676.

20 [*(b) The appropriate local officer of special assessment improvement*  
21 *amounts deferred on or after October 15, 1983, as required by ORS 311.730.*]

22 [*(c)*] **(b)** The department for its expenses in administering the [*property tax*  
23 *and special assessment senior deferral programs*] **homestead property tax**  
24 **deferral program under ORS 311.666 to 311.701.**

25 (2) The [*Senior*] **Homestead** Property Tax Deferral Revolving Account  
26 may include a reserve for payment of department administrative expenses.

27 (3) All sums of money received by the Department of Revenue under ORS  
28 311.666 to 311.701 as repayments of deferred property taxes [*or under ORS*  
29 *311.702 to 311.735 as repayments of deferred special assessment improvement*  
30 *amounts*], including the interest accrued under ORS 311.674 (3) [*or 311.711*  
31 (3)] shall, upon receipt, be credited to the revolving account and are contin-

1 ously appropriated to the department for the purposes of subsection (1) of  
2 this section.

3 (4)(a) If there are not sufficient moneys in the revolving account to make  
4 the payments required by subsection (1) of this section, and the amount ap-  
5 propriated from the General Fund is not sufficient when added together with  
6 the moneys in the revolving account to provide an amount sufficient to make  
7 the required payments, the State Treasurer, in the capacity of investment  
8 officer for the Oregon Investment Council, may lend to the Department of  
9 Revenue such amounts as may be necessary to make the payments.

10 (b) The State Treasurer may lend moneys that may be invested as pro-  
11 vided in ORS 293.701 to 293.857.

12 (c) Any moneys lent under this subsection shall be repaid within five  
13 years together with interest at a rate determined by the State Treasurer and  
14 consistent with the investment standards of ORS 293.721 and 293.726.

15 **SECTION 23.** ORS 311.795 is amended to read:

16 311.795. (1) A county governing body may cancel all delinquent taxes and  
17 the interest and penalties thereon accrued upon property donated to any in-  
18 corporated city or town or any park and recreation district organized and  
19 operating under ORS chapter 266 for parks, playgrounds or a city hall. This  
20 section does not apply if the city, town or park and recreation district makes  
21 any payment to the owner, either directly or indirectly, for the property.

22 (2) A county governing body may cancel all delinquent real property taxes  
23 and interest and penalties due thereon from any taxpayer where the total  
24 of the same is \$10 or less, when in the judgment of the county governing  
25 body the cost of collecting the same will be greater than the amount to be  
26 collected.

27 (3) A county governing body may cancel all delinquent personal property  
28 taxes and the interest and penalties thereon due from any taxpayer where  
29 the total of the same is \$10 or less and in the judgment of the county gov-  
30 erning body the cost of collecting the same will be greater than the amount  
31 to be collected.

1 (4) Property taxes that are deferred under the homestead **property tax**  
2 deferral program established under ORS 311.666 to 311.701[, *special assess-*  
3 *ments for local improvements that are deferred under ORS 311.702 to 311.735*]  
4 or property taxes that are deferred under the disaster area tax deferral pro-  
5 gram established under ORS 311.740 to 311.780 are not delinquent taxes for  
6 purposes of this section. A county governing body may not cancel any de-  
7 ferred taxes[, *deferred special assessments*] or interest or penalties that ac-  
8 crue with respect to deferred taxes [or *deferred special assessments*] described  
9 in this subsection.

10 **SECTION 24.** Section 5, chapter 414, Oregon Laws 2017, is amended to  
11 read:

12 **Sec. 5.** (1) A definition of “area” adopted under [*section 2 of this 2017*  
13 *Act*] **ORS 308.151** may not be applied to any assessment year beginning be-  
14 fore January 1, 2019.

15 (2) Notwithstanding subsection (1) of this section, a definition of “area”  
16 adopted under [*section 2 of this 2017 Act*] **ORS 308.151** may be applied to  
17 [*assessment years*] **the assessment year** beginning on [*or after*] January 1,  
18 2018, with the written consent of the assessor of the county in which the city  
19 adopting the definition is located.

20 **SECTION 25.** Any definition of “area” adopted under ORS 308.151 in  
21 accordance with section 5 (2), chapter 414, Oregon Laws 2017, for any  
22 assessment year beginning on or after January 1, 2019, shall cease to  
23 be effective for assessment years beginning on or after January 1, 2024,  
24 unless readopted under ORS 308.151 within 90 days following the ef-  
25 fective date of this 2024 Act.

26

27

## ADMINISTRATIVE CHANGES

28

29 **SECTION 26.** ORS 317A.100 is amended to read:

30 317A.100. As used in ORS 317A.100 to 317A.158:

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

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

4 (B) If received by a financial institution:

5 (i) If the reporting person for a financial institution is a holding company,  
6 all items of 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 organiza-  
8 tion, all items of income reported on the call report filed by the bank or-  
9 ganization; and

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

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

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

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

22 (A) Interest income except:

23 (i) Interest on credit sales; or

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

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

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

1 (D) Receipts from hedging transactions, to the extent that the trans-  
2 actions are entered into primarily to protect a financial position, including  
3 transactions intended to manage the risk of exposure to foreign currency  
4 fluctuations that affect assets, liabilities, profits, losses, equity or invest-  
5 ments in foreign operations, risk of exposure to interest rate fluctuations or  
6 risk of commodity price fluctuations;

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

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

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

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

24 (I) Proceeds received from the issuance of the taxpayer's own stock,  
25 options, warrants, puts or calls, or from the sale of the taxpayer's treasury  
26 stock;

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

30 (K) Gifts or charitable contributions received, membership dues received  
31 by trade, professional, homeowners' or condominium associations, payments

1 received for educational courses, meetings or meals, or similar payments to  
2 a trade, professional or other similar association, and fundraising receipts  
3 received by any person when any excess receipts are donated or used exclu-  
4 sively for charitable purposes;

5 (L) Damages received as the result of litigation in excess of amounts that,  
6 if received without litigation, would be treated as commercial activity;

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

10 (N) Tax refunds from any tax program, other tax benefit recoveries and  
11 reimbursements for the tax imposed under ORS 317A.100 to 317A.158 made  
12 by entities that are part of the same unitary group as provided under ORS  
13 317A.106, and reimbursements made by entities that are not members of a  
14 unitary group that are required to be made for economic parity among mul-  
15 tiple owners of an entity whose tax obligation under ORS 317A.100 to  
16 317A.158 is required to be reported and paid entirely by one owner, as pro-  
17 vided in ORS 317A.106;

18 (O) Pension reversions;

19 (P) Contributions to capital;

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

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

28 *[(S) In the case of receipts from the sale of malt beverages or wine, as de-*  
29 *defined in ORS 471.001, cider, as defined in ORS 471.023 or distilled liquor, as*  
30 *defined in ORS 471.001, by a person holding a license issued under ORS*  
31 *chapter 471, an amount equal to the federal and state excise taxes paid by any*



1 *person on or for such malt beverages, wine or distilled liquor under subtitle*  
2 *E of the Internal Revenue Code or ORS chapter 471 or 473, and any amount*  
3 *paid to the Oregon Liquor and Cannabis Commission for sales of distilled*  
4 *spirits by an agent appointed under ORS 471.750;]*

5 [(T) *In the case of receipts from the sale of marijuana items, as defined in*  
6 *ORS 475C.009, by a person holding a license issued under ORS 475C.005 to*  
7 *475C.525, an amount equal to the federal and state excise taxes paid by any*  
8 *person on or for such marijuana items under subtitle E of the Internal Revenue*  
9 *Code or ORS 475C.670 to 475C.734 and any local retail taxes authorized under*  
10 *ORS 475C.453;]*

11 [(U) *Local taxes collected by a restaurant or other food establishment on*  
12 *sales of meals, prepared food or beverages;]*

13 [(V)] (R) *Tips or gratuities collected by a restaurant or other food es-*  
14 *tablishment and passed on to employees;*

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

22 [(X) *Registration fees or taxes collected by a vehicle dealer certified under*  
23 *ORS 822.020 or a person described in ORS 320.400 (8)(a)(B) at the sale or*  
24 *other transfer of a motor vehicle, as defined in ORS 801.360, that are owed to*  
25 *a third party by the purchaser of the motor vehicle and passed to the third*  
26 *party by the dealer;]*

27 [(Y)] (T) *Receipts from a financial institution for services provided to the*  
28 *financial institution in connection with the issuance, processing, servicing*  
29 *and management of loans or credit accounts, if the financial institution and*  
30 *the recipient of the receipts have at least 50 percent of their ownership in-*  
31 *terests owned or controlled, directly or constructively through related in-*

1 terests, by common owners;

2 *[(Z) In the case of amounts retained as commissions by a holder of a license*  
3 *under ORS chapter 462, an amount equal to the amounts specified under ORS*  
4 *chapter 462 that must be paid to or collected by the Department of Revenue*  
5 *as a tax and the amounts specified under ORS chapter 462 to be used as purse*  
6 *money;]*

7 *[(AA) (U) Receipts of residential care facilities as defined in ORS 443.400*  
8 *or in-home care agencies as defined in ORS 443.305, to the extent that the*  
9 *receipts are derived from or received as compensation for providing services*  
10 *to a medical assistance or Medicare recipient;*

11 *[(BB) (V) Dividends received;*

12 *[(CC) (W) Distributive income received from a pass-through entity;*

13 *[(DD) (X) Receipts from sales to a wholesaler in this state, if the seller*  
14 *receives certification at the time of sale from the wholesaler that the*  
15 *wholesaler will sell the purchased property outside this state;*

16 *[(EE) (Y) Receipts from the wholesale or retail sale of groceries, in-*  
17 *cluding receipts of a person that owns groceries at the time of sale and*  
18 *compensation of any consignee engaged in effecting the sale of groceries on*  
19 *behalf the owner of the groceries, but only to the extent that the compen-*  
20 *sation relates to grocery sales;*

21 *[(FF) (Z) Receipts from transactions among members of a unitary group;*

22 *[(GG) Moneys, including public purpose charge moneys collected under*  
23 *ORS 757.612 and moneys collected to plan for and pursue cost-effective energy*  
24 *efficiency resources under ORS 757.054, that are collected from customers,*  
25 *passed to a utility and approved by the Public Utility Commission and that*  
26 *support energy conservation, renewable resource acquisition and low-income*  
27 *assistance programs;]*

28 *[(HH) (AA) Moneys collected by a utility from customers for the pay-*  
29 *ment of loans through on-bill financing;*

30 *[(II) Surcharges collected under ORS 757.736;]*

31 *[(JJ) Moneys passed to a utility by the Bonneville Power Administration*

1 *for the purpose of effectuating the Regional Power Act Exchange credits or*  
2 *pursuant to any settlement associated with the exchange credit;]*

3 *[(KK) Moneys collected or recovered, by entities listed in ORS 756.310, ca-*  
4 *ble operators as defined in 47 U.S.C. 522(5), telecommunications carriers as*  
5 *defined in 47 U.S.C. 153(51) and providers of information services as defined*  
6 *in 47 U.S.C. 153(24), for fees payable under ORS 756.310, right-of-way fees,*  
7 *franchise fees, privilege taxes, federal taxes and local taxes;]*

8 *[(LL) Charges paid to the Residential Service Protection Fund required by*  
9 *chapter 290, Oregon Laws 1987;]*

10 *[(MM) Universal service surcharge moneys collected or recovered and paid*  
11 *into the universal service fund established in ORS 759.425;]*

12 *[(NN) Moneys collected for public purpose funding as described in ORS*  
13 *759.430;]*

14 *[(OO) Moneys collected or recovered and paid into the federal universal*  
15 *service fund as determined by the Federal Communications Commission;]*

16 *[(PP) In the case of a seller or provider of telecommunications services, the*  
17 *amount of tax imposed under ORS 403.200 for access to the emergency com-*  
18 *munications system that is collected from subscribers or consumers;]*

19 *[(QQ) In the case of a transient lodging tax collector, the amount of tax*  
20 *imposed under ORS 320.305 and of any local transient lodging tax imposed*  
21 *upon the occupancy of transit lodging;]*

22 *[(RR) In the case of a seller of bicycles, the amount of tax imposed under*  
23 *ORS 320.415 upon retail sales of bicycles;]*

24 *[(SS) In the case of a qualified heavy equipment provider, the amount of*  
25 *tax imposed under ORS 307.872 upon the rental price of heavy equipment;]*

26 *[(TT)] (BB) Farmer sales to an agricultural cooperative in this state that*  
27 *is a cooperative organization described in section 1381 of the Internal Reve-*  
28  *nue Code;*

29 *[(UU)] (CC) Revenue received by a business entity that is mandated by*  
30 *contract or subcontract to be distributed to another person or entity if the*  
31 *revenue constitutes sales commissions that are paid to a person who is not*

1 an employee of the business entity, including, without limitation, a split-fee  
2 real estate commission;

3 [(VV)] **(DD)** Receipts from the sale of fluid milk by dairy farmers that  
4 are not members of an agricultural cooperative; [*and*]

5 [(WW)(i)] **(EE)(i)** Cost paid by a dealer for items of precious metal.

6 (ii) As used in this subparagraph, “item of precious metal” means an item  
7 of gold, silver, platinum, rhodium or palladium that has been put through a  
8 process of smelting or refining and that is in a state or condition that its  
9 value depends on its contents and not its form[.]; **and**

10 **(FF) Taxes, fees, surcharges or similar amounts collected from**  
11 **customers and passed, as required, to a governmental entity.**

12 (2) “Cost inputs” means:

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

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

18 (3) “Doing business” means engaging in any activity, whether legal or il-  
19 legal, that is conducted for, or results in, the receipt of commercial activity  
20 at any time during a calendar year.

21 (4) “Excluded person” means any of the following:

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

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

28 (c) Organizations described in section 501(e) of the Internal Revenue  
29 Code.

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

31 (e) Charitable risk pools described in section 501(n) of the Internal Reve-

1 nue Code.

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

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

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

9 (i) Governmental entities.

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

13 (k) Hospitals subject to assessment under ORS 414.855, long term care  
14 facilities subject to assessment under ORS 409.801 or any entity subject to  
15 assessment under ORS 414.880 or section 3 or 5, chapter 538, Oregon Laws  
16 2017.

17 (L) Manufactured dwelling park nonprofit cooperatives organized under  
18 ORS chapter 62.

19 (5) "Financial institution" has the meaning given that term in ORS  
20 314.610, except that "financial institution" does not include a credit union.

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

24 (b) In the case of a holding company required to file both consolidated  
25 and parent-only financial statements, "FR Y-9" means the consolidated fi-  
26 nancial statements that the holding company is required to file.

27 (7) "Governmental entity" means:

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

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

1 United States.

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

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

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

6 (f) A federally recognized Indian tribe.

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

9 (9)(a) "Hedging transaction" means a hedging transaction as defined in  
10 section 1221 of the Internal Revenue Code or a transaction accorded hedge  
11 accounting treatment under Financial Accounting Standards Board State-  
12 ment No. 133.

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

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

16 (11) "Internal Revenue Code," except where the Legislative Assembly has  
17 provided otherwise, refers to the laws of the United States or to the Internal  
18 Revenue Code as they are amended and in effect on December 31, 2022.

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

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

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

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

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

28 (A) Electricity; or

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

31 (14) "Person" includes individuals, combinations of individuals of any

1 form, receivers, assignees, trustees in bankruptcy, firms, companies, joint-  
2 stock companies, business trusts, estates, partnerships, limited liability  
3 partnerships, limited liability companies, associations, joint ventures, clubs,  
4 societies, entities organized as for-profit corporations under ORS chapter 60,  
5 C corporations, S corporations, qualified subchapter S subsidiaries, qualified  
6 subchapter S trusts, trusts, entities that are disregarded for federal income  
7 tax purposes and any other entities.

8 (15) “Retailer” means a person doing business by selling tangible personal  
9 property to a purchaser for a purpose other than:

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

12 (b) Incorporation by the purchaser of the property in the course of regular  
13 business as an ingredient or component of real or personal property; or

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

16 (16) “Taxable commercial activity” means commercial activity sourced to  
17 this state under ORS 317A.128, less any subtraction pursuant to ORS  
18 317A.119.

19 (17)(a) “Taxpayer” means any person or unitary group required to regis-  
20 ter, file or pay tax under ORS 317A.100 to 317A.158.

21 (b) “Taxpayer” does not include excluded persons, except to the extent  
22 that a tax-exempt entity has unrelated business income as described in the  
23 Internal Revenue Code.

24 (18) “Tax year” means, except as otherwise provided in ORS 317A.103, a  
25 taxpayer’s annual accounting period used for federal income tax purposes  
26 under section 441 of the Internal Revenue Code.

27 (19)(a) “Unitary business” means a business enterprise in which there  
28 exists directly or indirectly between the members or parts of the enterprise  
29 a sharing or exchange of value as demonstrated by:

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

31 (B) Centralized administrative services or functions resulting in econo-

1 mies of scale; or

2 (C) Flow of goods, capital resources or services demonstrating functional  
3 integration.

4 (b) "Unitary business" may include a business enterprise the activities  
5 of which:

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

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

11 (20) "Unitary group" means a group of persons with more than 50 percent  
12 common ownership, either direct or indirect, that is engaged in business ac-  
13 tivities that constitute a unitary business.

14 (21) "Wholesaler" means a person primarily doing business by merchant  
15 distribution of tangible personal property to retailers or to other whole-  
16 salers.

17 **SECTION 27.** ORS 291.349 is amended to read:

18 291.349. (1) As soon as practicable after adjournment sine die of the odd-  
19 numbered year regular session of the Legislative Assembly, the Oregon De-  
20 partment of Administrative Services shall report to the Legislative Revenue  
21 Officer and the Legislative Fiscal Officer the estimate as of July 1 of the  
22 first year of the biennium of General Fund and State Lottery Fund revenues  
23 that will be received by the state during that biennium. The Oregon De-  
24 partment of Administrative Services shall base its estimate on the last fore-  
25 cast given to the Legislative Assembly before adjournment sine die of the  
26 odd-numbered year regular session on which the printed, adopted budget  
27 prepared in the Oregon Department of Administrative Services is based, ad-  
28 justed only insofar as necessary to reflect changes in laws adopted at that  
29 session. The report shall contain the estimated revenues from corporate in-  
30 come and excise taxes separately from the estimated revenues from other  
31 General Fund sources. The Oregon Department of Administrative Services



1 may revise the estimate if necessary following adjournment sine die of a  
2 special session or an even-numbered year regular session of the Legislative  
3 Assembly, but any revision does not affect the basis of the computation de-  
4 scribed in subsection (3) or (4) of this section.

5 (2) As soon as practicable after the end of the biennium, the Oregon De-  
6 partment of Administrative Services shall report to the Legislative Revenue  
7 Officer and the Legislative Fiscal Officer, or the Legislative Assembly if it  
8 is in session, the amount of General Fund revenues collected as of the last  
9 June 30 of the preceding biennium. The report shall contain the collections  
10 from corporate income and excise taxes separately from collections from  
11 other sources.

12 (3) If the revenues received from the corporate income and excise taxes  
13 during the biennium exceed the amounts estimated to be received from such  
14 taxes for the biennium, as estimated after adjournment sine die of the odd-  
15 numbered year regular session, by two percent or more, the total amount of  
16 that excess shall be retained in the General Fund and used, in the manner  
17 described in ORS 291.345, to provide additional funding for public education,  
18 kindergarten through grade 12.

19 (4) If the revenues received from General Fund revenue sources, exclusive  
20 of those described in subsection (3) of this section, during the biennium ex-  
21 ceed the amounts estimated to be received from such sources for the  
22 biennium, as estimated after adjournment sine die of the odd-numbered year  
23 regular session, by two percent or more, there shall be credited to personal  
24 income taxpayers an amount equal to the total amount of that excess, re-  
25 duced by the cost certified by the Department of Revenue under ORS 291.351  
26 as being allocable to credits described under this subsection. The excess  
27 amount to be credited shall be credited to personal income taxpayers in a  
28 percentage amount of prior year personal income tax liability as determined  
29 under subsection (5) of this section.

30 (5)(a) If there is an excess to be credited under subsection (4) of this  
31 section, on or before [*October*] **November** 1, following the end of each

1 biennium, the Oregon Department of Administrative Services shall determine  
2 and certify to the Department of Revenue the percentage amounts of credit  
3 for purposes of subsection (4) of this section. The percentage amounts de-  
4 termined shall be percentage amounts to the nearest one-tenth of a percent  
5 that will distribute the excess to be credited to personal income taxpayers.

6 (b) The percentage amount applicable to subsection (4) of this section  
7 shall equal the amount distributed under subsection (4) of this section di-  
8 vided by the estimated total personal income tax liability for all personal  
9 income taxpayers for tax years beginning in the calendar year immediately  
10 preceding the calendar year in which the excess is determined.

11 (c) The amount of the surplus credit under subsection (4) of this section  
12 is determined by multiplying the percentage amount determined under para-  
13 graph (b) of this subsection by the total amount of a personal income  
14 taxpayer's tax liability for the tax year beginning in the calendar year im-  
15 mediately preceding the calendar year in which the excess is determined in  
16 order to calculate the amount to be credited to the taxpayer.

17 (d) The credit shall be determined based on the tax liability as shown on  
18 the return of the taxpayer or as corrected by the Department of Revenue.

19 (e) The credit shall be computed after the allowance of a credit provided  
20 under ORS 316.082, 316.131 or 316.292, but before the allowance of any other  
21 credit or offset against tax liability allowed or allowable under any provision  
22 of law of this state, and before the application of estimated tax payments,  
23 withholding or other advance tax payments.

24 (f) For personal income taxpayers, if a credit applied against tax liability  
25 as described in paragraph (e) of this subsection reduces tax liability to zero  
26 and an amount of the credit remains unused, the remaining unused amount  
27 shall be refunded to the taxpayer. For purposes of ORS chapters 305, 314, 315  
28 and 316, refunds issued under this paragraph are refunds of an overpayment  
29 of tax imposed under ORS chapter 316.

30 (g) The Department of Revenue may prescribe by rule the manner of cal-  
31 culating and claiming a credit if the filing status of a taxpayer changes be-

1 tween the tax year for which a credit may be claimed and the succeeding tax  
2 year.

3 (6) A refund may not be made under this section to a taxpayer if the  
4 amount of the refund is less than \$1.

5 (7) Not later than [*October*] **November** 15 following the end of the  
6 biennium, the Department of Revenue shall provide information and guidance  
7 to taxpayers relating to the calculation of the credit. The department may  
8 make the information and guidance available electronically or otherwise.

9 (8) The Department of Revenue may adopt rules specifying the manner for  
10 issuing refunds under this section to taxpayers who filed returns for the tax  
11 year on which the credit is computed but who are not required to file returns  
12 for the year in which the credit could be claimed.

13 **SECTION 28.** ORS 327.001 is amended to read:

14 327.001. (1) The Fund for Student Success is established in the State  
15 Treasury, separate and distinct from the General Fund.

16 (2) The Fund for Student Success shall consist of moneys appropriated by  
17 the Legislative Assembly, moneys transferred to the fund under ORS  
18 317A.155 and moneys received as provided in subsection (3) of this section.

19 (3) The Department of Education, on behalf of the State of Oregon, may  
20 solicit and accept gifts, grants, donations and other moneys from public and  
21 private sources for the Fund for Student Success. Moneys received as pro-  
22 vided in this subsection shall be deposited into the Fund for Student Success.

23 (4) Moneys in the Fund for Student Success are continuously appropriated  
24 to the department for:

25 (a) Transfer for each biennium to the State School Fund in the amount  
26 calculated by the [*Legislative Fiscal Officer and the Legislative Revenue Of-*  
27 *ficer*] **division of the Oregon Department of Administrative Services**  
28 **that serves as office of economic analysis** to be the sum of:

29 (A) At least \$40 million, for the purpose of a transfer under ORS 327.008  
30 (10) to the High Cost Disabilities Account established in ORS 327.348; and

31 (B) The amount of change in General Fund revenue to be collected in the

1 biennium due to the amendments to ORS 316.037 by section 56, chapter 122,  
2 Oregon Laws 2019, and the operation of ORS 317A.100 to 317A.158.

3 (b) Retention as a reserve for cash flow and revenue shortfall purposes.

4 (c) Of the amount in the Fund for Student Success that is not dedicated  
5 for transfer as prescribed by paragraph (a) of this subsection or retained  
6 under paragraph (b) of this subsection, transfer to other education accounts  
7 as follows:

8 (A) At least 50 percent to the Student Investment Account established in  
9 ORS 327.175.

10 (B) Up to 30 percent to the Statewide Education Initiatives Account es-  
11 tablished in ORS 327.250.

12 (C) At least 20 percent to the Early Learning Account established in ORS  
13 327.269.

14 (5) The department shall make the transfers prescribed by subsection (4)  
15 of this section on a periodic basis. The transfers must be in amounts that,  
16 based on the most recent data available to the department, ensure that the  
17 amounts and percentages identified in subsection (4) of this section are sat-  
18 isfied by the end of the biennium.

19

20

#### UNIT CAPTIONS NOT PART OF LAW

21

22 **SECTION 29. The unit captions used in this 2024 Act are provided**  
23 **only for the convenience of the reader and do not become part of the**  
24 **statutory law of this state or express any legislative intent in the**  
25 **enactment of this 2024 Act.**

26

27

#### EFFECTIVE DATE

28

29 **SECTION 30. This 2024 Act takes effect on the 91st day after the**  
30 **date on which the 2024 regular session of the Eighty-second Legislative**  
31 **Assembly adjourns sine die.**

