

D R A F T

SUMMARY

Digest: The Act would make technical changes to certain tax laws. (Flesch Readability Score: 78.2).

Makes technical changes in Oregon tax statutes.

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

A BILL FOR AN ACT

1
2 Relating to the correction of erroneous material in Oregon tax law; creating
3 new provisions; amending ORS 311.165, 314.772, 316.502, 317.010, 317.655,
4 319.420, 320.013 and 320.100; repealing ORS 309.310, 315.174, 316.852,
5 317.122, 317.152, 317.153, 317.154, 317.488 and 319.430; and prescribing an
6 effective date.

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

8 **SECTION 1. ORS 309.310 is repealed.**

9 **NOTE:** Repeals obsolete statute.

10 **SECTION 2.** ORS 311.165 is amended to read:

11 311.165. (1) **The assessor shall proceed to levy and the tax collector**
12 **to collect the taxes described in this subsection in the manner set**
13 **forth in subsections (2) to (5) of this section** if, in the opinion of the
14 assessor:

15 (a) It appears probable that real property improvements, whether assessed
16 as improvements only or as real property improvements assessed together
17 with land have been or will be severed from the land upon which they are
18 situated and have been or will be removed from [*such*] **the** land;

19 (b) It appears that the amount of taxes [*which*] **that** have been levied
20 against the property in the current and prior years or [*which*] **that** are an-

1 ticipated to be levied for the current assessment year will not be adequately
2 secured by the value of the property remaining in the tax account; and

3 (c) It appears that unless prompt action is taken the taxes will not be
4 collected[, *then the assessor shall proceed to levy and the tax collector to col-*
5 *lect the taxes in the manner set forth in subsection (2) of this section*].

6 (2)(a) If the amount of the taxes for the current year attributable to the
7 property improvements is not able to be determined, the assessor shall esti-
8 mate the taxes due for the current year.

9 (b) The assessor shall make demand upon the owner of the improvements
10 as shown by the most recent assessment roll, for payment of the unpaid taxes
11 attributable to the improvements for the current and all prior years.

12 (3)(a) Any payments shall be paid immediately upon demand of the
13 assessor either to the assessor for remittance to the tax collector or directly
14 to the tax collector of the county pursuant to ORS 311.370.

15 (b) If the taxes are not paid immediately upon demand, the assessor shall
16 certify the assessment and tax levies so made by the assessor to the tax
17 collector.

18 (4)(a) For the purposes of collection of the assessments, the owner shall
19 be considered a taxpayer owning personal property against which ad valorem
20 taxes have been assessed.

21 (b) Review may be had as provided in ORS 311.467.

22 (5) All taxes collected by the tax collector, or taxes collected by the
23 assessor and remitted to the tax collector shall be credited to the real prop-
24 erty account containing the improvements [*which*] **that** were the basis of the
25 tax.

26 **NOTE:** Improves syntax in (1) and (5) and updates sequence.

27 **SECTION 3.** ORS 314.772 is amended to read:

28 314.772. (1) Except as provided in ORS 314.766 (5)(b), the tax credits al-
29 lowed or allowable to a C corporation for purposes of ORS chapter 317 or
30 318 shall not be allowed to an S corporation. The business tax credits al-
31 lowed or allowable for purposes of ORS chapter 316 shall be allowed or are

1 allowable to the shareholders of the S corporation.

2 (2) In determining the tax imposed under ORS chapter 316, as provided
3 under ORS 314.763, on income of the shareholder of an S corporation, there
4 shall be taken into account the shareholder's pro rata share of business tax
5 credit (or item thereof) that would be allowed to the corporation (but for
6 subsection (1) of this section) or recapture or recovery thereof. The credit (or
7 item thereof), recapture or recovery shall be passed through to shareholders
8 in pro rata shares as determined in the manner prescribed under section
9 1377(a) of the Internal Revenue Code.

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

14 (4) If the shareholder is a nonresident and there is a requirement appli-
15 cable for the business tax credit that in the case of a nonresident the credit
16 be allowed in the proportion provided in ORS 316.117, then that provision
17 shall apply to the nonresident shareholder.

18 (5) As used in this section, "business tax credit" means the following
19 credits: ORS 315.104 (forestation and reforestation), ORS 315.124 (small forest
20 option), ORS 315.133 (agricultural overtime pay), ORS 315.138 (fish screening,
21 by-pass devices, fishways), ORS 315.141 (biomass production for biofuel), ORS
22 315.156 (crop gleaning), ORS 315.164 and 315.169 (agriculture workforce
23 housing), ORS 315.176 (bovine manure), ORS 315.204 (dependent care assist-
24 ance), ORS 315.208 (dependent care facilities), ORS 315.213 (contributions for
25 child care), ORS 315.237 (employee and dependent scholarships), ORS 315.271
26 (individual development accounts), ORS 315.283 (affordable housing sales),
27 ORS 315.304 (pollution control facility), ORS 315.326 (renewable energy de-
28 velopment contributions), ORS 315.331 (energy conservation projects), ORS
29 315.336 (transportation projects), ORS 315.341 (renewable energy resource
30 equipment manufacturing facilities), ORS 315.354 and 469B.151 (energy con-
31 servation facilities), ORS 315.506 (tribal taxes on reservation enterprise zones

1 and reservation partnership zones), ORS 315.507 (electronic commerce), ORS
2 315.514 (film production development contributions), ORS 315.518 (semicon-
3 ductors), ORS 315.523 (employee training programs), ORS 315.533 (low income
4 community jobs initiative), ORS 315.593 (short line railroads), ORS 315.640
5 (university venture development funds), ORS 315.643 (Opportunity Grant
6 Fund contributions), ORS 315.675 (Trust for Cultural Development Account
7 contributions), ORS 317.097 (loans for affordable housing), ORS 317.124 (long
8 term enterprise zone facilities)[,] **and** ORS 317.147 (loans for agriculture
9 workforce housing)[, *ORS 317.152 (qualified research expenses) and ORS*
10 *317.154 (alternative qualified research expenses)*] and section 9, chapter 774,
11 Oregon Laws 2013 (alternative fuel vehicle contributions).

12 **NOTE:** Deletes references to repealed statutes. See section 4.

13 **SECTION 4. ORS 315.174, 316.852, 317.122, 317.152, 317.153, 317.154 and**
14 **317.488 are repealed.**

15 **NOTE:** Repeals obsolete tax expenditure provisions.

16 **SECTION 5.** ORS 316.502, as amended by section 65a, chapter 70, Oregon
17 Laws 2024, is amended to read:

18 316.502. (1) The net revenue from the tax imposed by this chapter, after
19 deducting refunds and amounts described in ORS 285B.630 and 285C.635, shall
20 be paid over to the State Treasurer and held in the General Fund as mis-
21 cellaneous receipts available generally to meet any expense or obligation of
22 the State of Oregon lawfully incurred.

23 (2) A working balance of unreceipted revenue from the tax imposed by
24 this chapter may be retained for the payment of refunds, but such working
25 balance shall not at the close of any fiscal year exceed the sum of \$1 million.

26 (3) Moneys are continuously appropriated to the Department of Revenue
27 to make:

28 (a) The refunds authorized under subsection (2) of this section; and

29 (b) The refund payments in excess of tax liability authorized under ORS
30 315.133, [315.174,] 315.262, 315.264, 315.266, 315.273, 315.519 and 316.090 and
31 section 3, chapter 589, Oregon Laws 2021.

1 **NOTE:** Deletes reference to repealed statute. See section 4.

2 **SECTION 6.** ORS 317.010, as amended by section 24, chapter 75, Oregon
3 Laws 2024, is amended to read:

4 317.010. As used in this chapter, unless the context requires otherwise:

5 (1) “Centrally assessed corporation” means every corporation the property
6 of which is assessed by the Department of Revenue under ORS 308.505 to
7 308.674.

8 (2) “Department” means the Department of Revenue.

9 (3)(a) “Consolidated federal return” means the return permitted or re-
10 quired to be filed by a group of affiliated corporations under section 1501 of
11 the Internal Revenue Code.

12 (b) “Consolidated state return” means the return required to be filed un-
13 der ORS 317.710 (5).

14 (4) “Doing business” means any transaction or transactions in the course
15 of its activities conducted within the state by a national banking association,
16 or any other corporation; provided, however, that a foreign corporation
17 whose activities in this state are confined to purchases of personal property,
18 and the storage thereof incident to shipment outside the state, shall not be
19 deemed to be doing business unless such foreign corporation is an affiliate
20 of another foreign or domestic corporation which is doing business in
21 Oregon. Whether or not corporations are affiliated shall be determined as
22 provided in section 1504 of the Internal Revenue Code.

23 (5) “Excise tax” means a tax measured by or according to net income
24 imposed upon national banking associations, all other banks, and financial,
25 centrally assessed, mercantile, manufacturing and business corporations for
26 the privilege of carrying on or doing business in this state.

27 (6) “Financial institution” has the meaning given that term in ORS
28 314.610 except that it does not include a credit union as defined in ORS
29 723.006, an interstate credit union as defined in ORS 723.001 or a federal
30 credit union.

31 (7) “Internal Revenue Code,” except where the Legislative Assembly has

1 provided otherwise, refers to the laws of the United States or to the Internal
2 Revenue Code as they are amended and in effect:

3 (a) On December 31, 2023; or

4 (b) If related to the definition of taxable income, as applicable to the tax
5 year of the taxpayer.

6 (8) "Oregon taxable income" means taxable income, less the deduction
7 allowed under ORS 317.476, except as otherwise provided with respect to
8 insurers in subsection (11) of this section and ORS 317.650 to 317.665.

9 (9) "Oregon net loss" means taxable loss, except as otherwise provided
10 with respect to insurers in subsection (11) of this section and ORS 317.650
11 to 317.665.

12 (10) "Taxable income or loss" means the taxable income or loss deter-
13 mined, or in the case of a corporation for which no federal taxable income
14 or loss is determined, as would be determined, under chapter 1, Subtitle A
15 of the Internal Revenue Code and any other laws of the United States re-
16 lating to the determination of taxable income or loss of corporate taxpayers,
17 with the additions, subtractions, adjustments and other modifications as are
18 specifically prescribed by this chapter except that in determining taxable
19 income or loss for any year, no deduction under ORS 317.476 or 317.478 and
20 section 45b, chapter 293, Oregon Laws 1987, shall be allowed. If the corpo-
21 ration is a corporation to which ORS 314.280 or 314.605 to 314.675 (requiring
22 or permitting apportionment of income from transactions or activities carried
23 on both within and without the state) applies, to derive taxable income or
24 loss, the following shall occur:

25 (a) From the amount otherwise determined under this subsection, subtract
26 nonapportionable income, or add nonapportionable loss, whichever is appli-
27 cable.

28 (b) Multiply the amount determined under paragraph (a) of this sub-
29 section by the Oregon apportionment percentage defined under ORS 314.280,
30 314.650 or 314.667, whichever is applicable. The resulting product shall be
31 Oregon apportioned income or loss.

1 (c) To the amount determined as Oregon apportioned income or loss under
2 paragraph (b) of this subsection, add nonapportionable income allocable en-
3 tirely to Oregon under ORS 314.280 or 314.625 to 314.645, or subtract
4 nonapportionable loss allocable entirely to Oregon under ORS 314.280 or
5 314.625 to 314.645. The resulting figure is “taxable income or loss” for those
6 corporations carrying on taxable transactions or activities both within and
7 without Oregon.

8 (11) As used in ORS [*317.122 and*] 317.650 to 317.665, “insurer” means any
9 domestic, foreign or alien insurer as defined in ORS 731.082 and any inter-
10 insurance and reciprocal exchange and its attorney in fact with respect to
11 its attorney in fact net income as a corporate attorney in fact acting as at-
12 torney in compliance with ORS 731.458, 731.462, 731.466 and 731.470 for the
13 reciprocal or interinsurance exchange. However, “insurer” does not include
14 title insurers or health care service contractors operating pursuant to ORS
15 750.005 to 750.095.

16 **NOTE:** Deletes reference to repealed statute. See section 4.

17 **SECTION 7.** ORS 317.655 is amended to read:

18 317.655. (1) For purposes of the tax imposed under ORS 317.070, the
19 Oregon taxable income of an insurer shall be the insurer’s “net gain from
20 operations” or “net income” determined in the manner prescribed by the
21 Department of Consumer and Business Services on its Annual Statement
22 Form for the taxable year, as adjusted pursuant to ORS 317.010 (11)[,
23 *317.122*] and 317.650 to 317.665.

24 (2) The Oregon taxable income of an insurer shall be computed by adding
25 or subtracting, to the insurer’s net gain from operations as determined under
26 subsection (1) of this section, such of the following items as apply to the
27 insurer:

28 (a) Add the amount of federal and state income taxes deducted by the
29 insurer in computing its net gain from operations.

30 (b) Add penalty interest received by the insurer arising out of prepayment
31 of loans made by the insurer.

1 (c) Add realized gains and losses on sales or exchanges by the insurer of
2 property.

3 (d) Subtract, if the insurer so elects, additional or accelerated depreci-
4 ation on real and personal property that is in excess of the depreciation de-
5 ducted by the method used in computing the insurer's net gain from
6 operations.

7 (e) Subtract that amortized portion of the contribution for past service
8 credits made to qualified plans and exempt trusts for employees allowed as
9 a deduction.

10 (f) Add or subtract, as appropriate, increases or decreases in mandatory
11 reserves that the insurer is required to maintain by law or by rules or di-
12 rectives of the Director of the Department of Consumer and Business Ser-
13 vices or the insurance director or commissioner of the state of domicile of
14 the foreign or alien insurer, other than increases or decreases that (A) are
15 deducted in arriving at the insurer's net gain from operations, or (B) result
16 from net gains or losses, realized or unrealized, in the value of the insurer's
17 property and investments.

18 (g) Add or subtract, as appropriate, increases or decreases in reserves for
19 policies and obligations outstanding before the beginning of the taxable year
20 resulting from changes in the bases and methods of computing such reserves
21 that are justified by accounting and actuarial practices applicable to or ac-
22 cepted by the insurance industry, commonly known as "reserve
23 strengthening" or "reserve weakening."

24 (3) Income, expenses, gains, losses, exclusions, deductions, assets, re-
25 serves, liabilities and other items properly attributable to one or more sepa-
26 rate accounts authorized under ORS 733.220 shall not be taken into account
27 in determining taxable income of an insurer under ORS 317.010 (11)[,
28 317.122] and 317.650 to 317.665 until such amounts or items are returned to
29 and reflected on the general accounts of such insurer so as to be available
30 generally to or for the benefit of contract and policyholders of the insurer.

31 **NOTE:** Deletes references to repealed statute. See section 4.

1 **SECTION 8.** ORS 319.420 is amended to read:

2 319.420. ORS 319.010 to [319.410] **319.420** do not affect or repeal any of the
3 provisions of ORS 319.510 to 319.880.

4 **NOTE:** Amends series reference.

5 **SECTION 9.** **ORS 319.430 is repealed.**

6 **NOTE:** Repeals obsolete statute.

7 **SECTION 10.** **The repeal of ORS 319.430 by section 9 of this 2025 Act**
8 **does not affect any rights or obligations arising under the provisions**
9 **of the statutes repealed by section 38, chapter 413, Oregon Laws 1945,**
10 **or any duties or obligations contracted or arising under such statutes,**
11 **prior to June 16, 1945.**

12 **NOTE:** Clarifies effects of repealing ORS 319.430. See section 9.

13 **SECTION 11.** ORS 320.013 is amended to read:

14 320.013. (1) In addition to the excise tax imposed by ORS 320.011, an ex-
15 cise tax is imposed upon every person for the privilege of operating an
16 amusement device within this state. The tax shall be \$10 for each amusement
17 device operated during the tax year.

18 (2) All moneys received from the tax imposed under subsection (1) of this
19 section, not including penalties, shall be paid by the Department of Revenue
20 into the State Treasury quarterly and are continuously appropriated **to the**
21 **Higher Education Coordinating Commission** to pay the expenses of the
22 state and local programs of the Oregon Youth Corps established under ORS
23 418.650 to 418.663.

24 **NOTE:** Clarifies to whom amusement device excise tax moneys are con-
25 tinuously appropriated.

26 **SECTION 12.** ORS 320.100 is amended to read:

27 320.100. (1) All moneys received from the taxes imposed under ORS 320.011
28 and 320.012, including penalties, shall be paid by the Department of Revenue
29 in the following manner:

30 (a) Seventy-five percent (75%) of the moneys shall be credited, appropri-
31 ated or remitted as follows:

1 (A) Forty-three and two-tenths percent (43.2%) thereof shall be credited
2 to the General Fund to be available for payment of general governmental
3 expenses.

4 (B) Nine and seven-tenths percent (9.7%) is continuously appropriated to
5 **the Higher Education Coordinating Commission** to pay the expenses of
6 state and local programs of the Oregon Youth Corps established under ORS
7 418.650 to 418.663.

8 (C) Forty-seven and one-tenth percent (47.1%) thereof shall be remitted
9 to the county treasurers of the several counties of the state. Each county
10 shall receive such share of the moneys as its population, determined by
11 Portland State University, bears to the total population of the counties of
12 the state, as determined by the census last preceding such apportionment.

13 (b) Twenty-five percent (25%) of the moneys shall be continuously appro-
14 priated to **the Higher Education Coordinating Commission** to pay the
15 expenses of the state and local programs of the Oregon Youth Corps estab-
16 lished under ORS 418.650 to 418.663.

17 (2) All revenues received under this section by the treasurers of the se-
18 veral counties shall be placed in the general fund of each county to be ex-
19 pended by the county courts or the board of county commissioners of the
20 several counties for general governmental expenses.

21 **NOTE:** Clarifies to whom amusement device excise tax moneys are con-
22 tinuously appropriated.

23 **SECTION 13. ORS 320.355, 320.357 and 320.360 are added to and made**
24 **a part of ORS 320.345 to 320.365.**

25 **NOTE:** Adds statutes to the appropriate statutory series.

26 **SECTION 14. This 2025 Act takes effect on the 91st day after the**
27 **date on which the 2025 regular session of the Eighty-third Legislative**
28 **Assembly adjourns sine die.**

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