

Requested by SENATE COMMITTEE ON FINANCE AND REVENUE

**PROPOSED AMENDMENTS TO  
SENATE BILL 158**

1 In line 2 of the printed bill, after “sections” insert “3,”.

2 Delete lines 5 through 14 and insert:

3 **“SECTION 1.** Section 3, chapter 589, Oregon Laws 2021, as amended by  
4 section 3, chapter 82, Oregon Laws 2022, is amended to read:

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

8 “(a) Individuals subject to the personal income tax imposed under ORS  
9 chapter 316; *[or]*

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

12 **“(c) Trusts.**

13 “(2) The election to pay the pass-through business alternative income tax  
14 is available if consent is given by all members of the electing pass-through  
15 entity who are members at the time the election is filed or is made by any  
16 officer, manager or member of the electing pass-through entity who is au-  
17 thorized, under law or the entity’s organizational documents, to make the  
18 election and who represents to having such authorization under penalties of  
19 perjury. The election shall be made annually on or before the due date, in-  
20 cluding extensions, of the pass-through entity’s return, in the form and  
21 manner prescribed by the Department of Revenue. The election may not be

1 made retroactively. The members of a pass-through entity may revoke an  
2 election under this section for a tax year only on or before the due date of  
3 the pass-through entity's return for that tax year, and only if the revocation  
4 is agreed to by all members who are members at the time of the revocation.

5 “(3)(a) In determining the sum of distributive proceeds and computing the  
6 tax under this section[, *a member of*]:

7 “(A) A pass-through entity shall add back any amount of Oregon tax  
8 [*imposed under this chapter and*] deducted by the pass-through entity at the  
9 entity level for federal income tax purposes under section 164 of the Internal  
10 Revenue Code.

11 “(B) **A member of a pass-through entity shall add back any amount**  
12 **of Oregon tax imposed on the member in relation to membership in**  
13 **the pass-through entity and deducted by the member of the pass-**  
14 **through entity for federal income tax purposes under section 164 of the**  
15 **Internal Revenue Code.**

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

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

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

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

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

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

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

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

11 **“(9) If a pass-through entity has made an overpayment of tax under  
12 this section, the pass-through entity may elect to have that overpay-  
13 ment credited against an installment of estimated tax for the subse-  
14 quent tax year. The department shall administer this subsection in a  
15 manner consistent with the treatment of overpayment of income tax  
16 under ORS 316.583.**

17 **“SECTION 2.** Section 10, chapter 589, Oregon Laws 2021, is amended to  
18 read:

19 **“Sec. 10. (1)** Sections 3 and 8, **chapter 589, Oregon Laws 2021,** [*of this*  
20 *2021 Act*] apply to tax years beginning on or after January 1, 2022, and before  
21 January 1, [2024] **2026.**

22 **“(2) The amendments to section 3, chapter 589, Oregon Laws 2021,  
23 by section 1 of this 2023 Act apply to tax years beginning on or after  
24 January 1, 2023, and before January 1, 2026.**

25 **“SECTION 3.** Section 12, chapter 589, Oregon Laws 2021, is amended to  
26 read:

27 **“Sec. 12.** The repeal of sections 3 and 8, **chapter 589, Oregon Laws 2021,**  
28 [*of this 2021 Act*] by section 11, **chapter 589, Oregon Laws 2021,** [*of this*  
29 *2021 Act*] applies to any tax year that begins on or after January 1, 2022, and  
30 before January 1, [2024] **2026,** and to which section 164(b)(6) of the Internal

1 Revenue Code is not applicable.

2 **“SECTION 4. This 2023 Act takes effect on the 91st day after the**  
3 **date on which the 2023 regular session of the Eighty-second Legislative**  
4 **Assembly adjourns sine die.”.**

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