

Senate Bill 1526

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Senate Interim Committee on Finance and Revenue)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

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

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

2023 LEGISLATION FOLLOW-UP

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11
12
13 **SECTION 1.** ORS 307.590 is amended to read:

14 307.590. (1) As used in ORS 307.590 to 307.596:

15 (a) "Adopting jurisdiction" means the governing body of a city or county that adopts an ex-
16 emption law.

17 (b) "Eligible property" means property described in subsection (3) of this section.

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

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

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

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

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

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

28 and

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (b) During the period of the exemption:

2 (A) Used as the occupant’s primary residence; and

3 (B) Not rented out for consideration as transient lodging for any duration.

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

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

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

12 **(6) If not all units in a multiunit property are eligible for the exemption, the percentage of exemption shall be the proportion that the square footage of the exempt units bears to the square footage of the entire multiunit property.**

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

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

17 (B) The combined rates of taxation of the city or county and all approving taxing districts equal 18 51 percent or more of the total combined rate of taxation on the eligible property.

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

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

25 [(7)(a)] **(8)(a)** An adopting jurisdiction may adopt at any time an ordinance or resolution amending the terms of an exemption law adopted pursuant to this section, subject to the approval of the taxing districts under subsection [(6)(a)] **(7)(a)** of this section, or repealing the exemption law.

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

31 [(8)] **(9)** The exemption granted under this section is in addition to and not in lieu of any other property tax limit, exemption or partial exemption, special assessment or deferral.

33 [(9)] **(10)** ORS 315.037 does not apply to this section.

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

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

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

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

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

44 **Sec. 1.** (1)(a) Outstanding ad valorem property taxes, and interest on the taxes, assessed on real property, *the ownership of which was transferred, from the federal government to a port district*

1 *formed under ORS chapter 777,]* **described in paragraph (b) of this subsection** by the assessor of
 2 the county in which the real property is located, are hereby canceled.

3 **(b) This subsection applies to property in which the federal government held a leasehold**
 4 **interest, from a port district formed under ORS chapter 777, that was terminated.**

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

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

11 **Sec. 2.** Section 1, **chapter 423, Oregon Laws 2023**, *[of this 2023 Act]* is repealed on January
 12 2, *[2025]* **2026**.

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

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

16 (2)(a) The amendments to sections 3 and 5, chapter 589, Oregon Laws 2021, by sections 3 and
 17 4, **chapter 82, Oregon Laws 2022**, *[of this 2022 Act]* apply to tax years beginning on or after Jan-
 18 uary 1, 2022, and before January 1, *[2024]* **2026**, and to estimated payments due on and after June
 19 15, 2022.

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

22 (3) The amendments to section 2, chapter 527, Oregon Laws 2021, by section 8, **chapter 82,**
 23 **Oregon Laws 2022**, *[of this 2022 Act]* apply to applications for precertification under section 4,
 24 chapter 527, Oregon Laws 2021, and applications for exemption under section 5, chapter 527, Oregon
 25 Laws 2021, without precertification, filed on or after *[the effective date of this 2022 Act]* **June 3,**
 26 **2022.**

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

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

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

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

35 315.283. (1) A taxpayer is allowed a credit against the taxes otherwise due under ORS chapter
 36 316 or, if the taxpayer is a corporation, under ORS chapter 317 or 318 for a qualifying sale in
 37 Oregon of publicly supported housing during the tax year. The amount of the credit allowed under
 38 this section may not exceed:

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

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

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

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

45 (b) Receive certification of a credit under ORS 315.286 (6) and submit the certification to the

1 Department of Revenue upon request of the department.

2 (3) The Department of Revenue may:

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

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

6 (4) Any tax credit otherwise allowable under this section that is not used by the taxpayer in a
7 particular tax year may be carried forward and offset against the taxpayer's tax liability for the next
8 succeeding tax year. Any credit remaining unused in the next succeeding tax year may be carried
9 forward and used in the second succeeding tax year, and likewise any credit not used in that second
10 succeeding tax year may be carried forward and used in the third succeeding tax year, but may not
11 be carried forward for any tax year thereafter.

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

13 (a) A nonresident is allowed the credit under this section in the proportion provided in ORS
14 316.117.

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

18 (c) If a change in the tax year of a taxpayer occurs as described in ORS 314.085, or if the De-
19 partment of Revenue terminates the taxpayer's tax year under ORS 314.440, the credit allowed under
20 this section must be prorated or computed in a manner consistent with ORS 314.085.

21 **(6) The Housing and Community Services Department shall provide information to the**
22 **Department of Revenue about all certifications issued under this section, if required as pro-**
23 **vided by ORS 315.058.**

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

25
26 **POLICY CHANGES**
27

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

30 **Sec. 3.** (1) A pass-through entity may elect to be liable for and pay a pass-through business al-
31 ternative income tax if all members of the pass-through entity are:

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

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

35 **(c) Trusts.**

36 (2) The election to pay the pass-through business alternative income tax is available if consent
37 is given by all members of the electing pass-through entity who are members at the time the election
38 is filed or is made by any officer, manager or member of the electing pass-through entity who is
39 authorized, under law or the entity's organizational documents, to make the election and who re-
40 presents to having such authorization under penalties of perjury. The election shall be made annu-
41 ally on or before the due date, including extensions, of the pass-through entity's return, in the form
42 and manner prescribed by the Department of Revenue. The election may not be made retroactively.
43 The members of a pass-through entity may revoke an election under this section for a tax year only
44 on or before the due date of the pass-through entity's return for that tax year, and only if the re-
45 vocation 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 tax under this section,
2 a member of a pass-through entity shall add back any amount of Oregon tax [*imposed under this*
3 *chapter and*] deducted by the pass-through entity at the entity level for federal income tax purposes
4 under section 164 of the Internal Revenue Code.

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

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

12 (5) The tax imposed on a pass-through entity pursuant to this section shall be determined with
13 respect to the sum of each member's share of distributive proceeds attributable to the pass-through
14 entity for the tax year.

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

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

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

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

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

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

27 285B.627. (1) In consultation with the Department of Revenue, the Oregon Business Development
28 Department shall establish and administer the Oregon Industrial Site Readiness Program. The pur-
29 pose of the program is to:

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

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

34 (2)(a) Subject to standards and procedures that the Oregon Business Development Department
35 shall establish by rule, the department shall designate regionally significant industrial sites for
36 inclusion in the program.

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

39 (3) A project sponsor may apply to participate in the program by submitting an application and
40 development plan in writing in a form prescribed by the department by rule.

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

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

45 (a) Enter into a tax reimbursement arrangement with the project sponsor pursuant to which the

1 project sponsor shall receive an amount equal to 50 percent of the estimated incremental income tax
2 revenues generated by an eligible employer per tax year, beginning with the first tax year following
3 the tax year in which a project sponsor is qualified under this section, until the total investment
4 of the qualified project sponsor in the eligible site preparation costs, including interest, established
5 under subsection (7) of this section has been recovered, at which time the tax reimbursement ar-
6 rangement shall end; or

7 (b) Enter into a loan agreement with the project sponsor under terms and conditions specified
8 and required by the department. In making a determination to enter into a loan agreement with the
9 project sponsor, the department shall consider the reasonableness of the project sponsor's estimated
10 costs to prepare the site for industrial use, including but not limited to eligible site preparation
11 costs established by the department pursuant to subsection (7) of this section. The agreement may
12 specify that a portion of the loan may be forgiven if the project sponsor enters into a contract with
13 an eligible employer to conduct a business in the traded sector industry on a regionally significant
14 industrial site within seven years after the project sponsor was qualified under this section.

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

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

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

20 (b) Loan forgiveness may not be allowed under subsection (5) of this section if any portion of
21 the loan that would not be forgiven would be repaid by the project sponsor with state funds received
22 from any source.

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

25 (a) Acquisition and assembly costs associated with creating large development parcels.

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

28 (c) Water and sewer infrastructure.

29 (d) Natural resource mitigation.

30 (e) Site grading activities.

31 (f) Environmental remediation and mitigation activities to address brownfields issues in accord-
32 ance with state and federally approved remediation plans.

33 (g) Planning, engineering and administrative costs associated with applying for necessary local,
34 state and federal permits.

35 (h) Interest-carrying costs incurred by a project sponsor for amounts borrowed to develop a re-
36 gionally significant industrial site, not to exceed 20 percent of the total amount forgiven, if any,
37 under subsection (5) of this section.

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

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

42 (a) A penalty or fine; or

43 (b) Environmental remediation activities conducted at a regionally significant industrial site that
44 is listed or proposed to be listed as a national priority pursuant to the Comprehensive Environ-
45 mental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9605) for which the project

1 sponsor, eligible employer or any party to the tax reimbursement arrangement or loan agreement
 2 is liable under 42 U.S.C. 9607 at that regionally significant industrial site.

3 (10) The department shall adopt rules to administer and implement the provisions of this section.
 4

5 **PROPERTY TAX CHANGES**

6
 7 **SECTION 11. ORS 307.157 is repealed.**

8 **SECTION 12. ORS 311.702, 311.704, 311.706, 311.708, 311.711, 311.716, 311.718, 311.721,**
 9 **311.722, 311.723, 311.725, 311.727, 311.729, 311.730, 311.731, 311.732 and 311.735 are repealed.**

10 **SECTION 13. The repeal of ORS 311.702, 311.704, 311.706, 311.708, 311.711, 311.716, 311.718,**
 11 **311.721, 311.722, 311.723, 311.725, 311.727, 311.729, 311.730, 311.731, 311.732 and 311.735 by section**
 12 **12 of this 2024 Act does not affect the liability of any person for any outstanding amount**
 13 **owing under ORS 311.702 to 311.735 as in effect before the effective date of this 2024 Act.**

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

15 307.555. (1) As used in this section and ORS 307.558:

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

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

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

20 (2) Upon compliance with ORS 307.162, land owned by an eligible covenant holder that is bur-
 21 dened by an affordable housing covenant requiring [*permanent*] **long-term** affordability is exempt
 22 from ad valorem property taxation if, for any property tax year:

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

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

26 (c) The land is being held for a reasonable period for the construction of owner-occupied hous-
 27 ing;

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

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

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

35 (b) An owner-occupied condominium unit that otherwise remains eligible shall continue to re-
 36 ceive the partial property tax exemption granted under this subsection if, for any property tax year:

37 (A) The unit is being rehabilitated for a reasonable period and will constitute owner-occupied
 38 housing after the rehabilitation is complete;

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

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

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

44 (b) If, before the end of the sixth consecutive property tax year for which land or an owner-
 45 occupied condominium unit is granted an exemption or partial exemption in the circumstances de-

1 scribed in subsection (2)(b) or (c) or (3)(b)(A) of this section, the eligible covenant holder or owner
2 believes that the construction, rehabilitation or holding period, as applicable, will continue past the
3 end of the next following property tax year, the eligible covenant holder or owner may claim a
4 three-year extension by filing a notice of extension with the county assessor.

5 (c) The extension becomes effective if the notice of extension is filed on or before April 1 pre-
6 ceding the first property tax year for which the extension is claimed and is accompanied by a filing
7 fee equal to the greater of \$200 or one-tenth of one percent of the real market value of the land or
8 the owner-occupied condominium unit as of the most recent assessment date.

9 (5) Each year that a parcel of land or an owner-occupied condominium unit is granted exemption
10 or partial exemption under this section, the county assessor shall enter on the assessment and tax
11 roll that the property is exempt or partially exempt and is subject to potential additional taxes as
12 provided under ORS 307.558 by adding the notation "potential additional taxes."

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

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

15 307.627. (1) If, after application has been approved under ORS 307.600 to 307.637, a declaration
16 defined in ORS 100.005 with respect to the property is presented to the county assessor or tax col-
17 lector for approval under ORS 100.110, or if the county assessor discovers that the multiple-unit
18 housing or a portion of the multiple-unit housing is changed to a use that is other than residential
19 or housing, or if the exemption was granted for housing being or becoming subject to a low income
20 housing assistance contract with an agency or subdivision of this state or the United States and the
21 housing is not housing subject to a low income housing assistance contract as of a date the housing
22 is required to be subject to a low income housing assistance contract in order to receive the ex-
23 emption:

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

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

28 (c)(A) Notwithstanding ORS 311.235, there shall be added to the general property tax roll for the
29 tax year next following the presentation or discovery, to be collected and distributed in the same
30 manner as other real property tax, an amount equal to the difference between the amount of tax that
31 would have been due on the property or portion had it not been exempt under ORS 307.600 to
32 307.637 for each of the years, not to exceed the last 10 years, during which the property was exempt
33 from taxation under ORS 307.600 to 307.637.

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

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

42 (3) The assessment and tax rolls shall show "potential additional tax liability" for each property
43 granted exemption under ORS 307.600 to 307.637.

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

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

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

4 311.990. (1) Violation of ORS 311.270 is a Class B violation.

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

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

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

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

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

18 (7) A person who knowingly makes a [*false oath*] **statement that is untrue with respect to a**
 19 **claim** under ORS 311.666 to 311.701 commits [*perjury*] **the crime of false swearing** and shall be
 20 punished as provided by ORS [*162.085*] **162.075.**

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

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

24 307.651. As used in ORS 307.651 to 307.687, unless the context requires otherwise:

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

27 (2) **"Manufactured home" means a structure that complies with any or all of the follow-**
 28 **ing placement standards, or any less restrictive standard, for the approval of manufactured**
 29 **homes located outside mobile home parks:**

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

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

34 (c) **The structure shall have a pitched roof.**

35 (d) **The structure shall have exterior siding and roofing which in color, material and ap-**
 36 **pearance is similar to the exterior siding and roofing material commonly used on residential**
 37 **dwellings within the community or which is comparable to the predominant materials used**
 38 **on surrounding dwellings as determined by the local permit approval authority.**

39 (e) **The structure shall be certified by the manufacturer to have an exterior thermal en-**
 40 **velope meeting performance standards that reduce levels equivalent to the performance**
 41 **standards required of single-family dwellings constructed under the state building code as**
 42 **defined in ORS 455.010.**

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

44 [(2)] (3) "Qualified dwelling unit" means a dwelling unit that, at the time an application is filed
 45 pursuant to ORS 307.667, has a market value for the land and improvements of no more than 120

1 percent, or a lesser percentage as adopted by the governing body by resolution, of the median sales
 2 price of dwelling units located within the city.

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

4 (a) Is, or will be, upon purchase, rehabilitation or completion of construction, in conformance
 5 with all local plans and planning regulations, including special or district-wide plans developed and
 6 adopted pursuant to ORS chapters 195, 196, 197, 197A and 227.

7 (b) If newly constructed, is completed within two years after application for exemption is ap-
 8 proved under ORS 307.674.

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

11 (d) Has one or more qualified dwelling units within the single-unit housing.

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

14 [(4)] (5) “Structure” does not include the land or any site development made to the land, as
 15 those terms are defined in ORS 307.010.

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

17 307.677. Notwithstanding ORS 307.651 to 307.687:

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

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

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

25 (2) If property granted exemption under ORS 307.651 to 307.687 is destroyed by fire or act of
 26 God, or is otherwise no longer capable of occupancy due to circumstances beyond the control of the
 27 owner, the exemption shall cease but no additional taxes or penalty shall be imposed under ORS
 28 307.651 to 307.687 upon the property.

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

30 305.140. (1) Any person having an interest in or lien upon any real property may request the
 31 Department of Revenue in writing to release such real property from a cloud on the title of or lien
 32 on such property existing, created or continued under any one or more of the following:

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

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

35 (2) If, upon a request under subsection (1) of this section, the department finds that a sale of
 36 such real property would not result in satisfaction in whole or in part of the taxes due, it shall ex-
 37 ecute a release of such cloud or lien upon such property, and such release shall be conclusive evi-
 38 dence of the removal and extinguishment of such cloud or lien in respect of such real property.

39 (3) In addition to the release of cloud or lien provided for in subsection (1) of this section, the
 40 department may execute releases on part or all of any real property in the following cases, which
 41 releases shall be conclusive evidence of the removal and extinguishment of such cloud or lien:

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

44 (b) If the department finds that the fair market value of that part of the property remaining
 45 subject to the cloud or lien is at least double the amount of the liability remaining unsatisfied in

1 respect of such tax and the amount of all prior liens upon the property;

2 (c) If there is supplied to the department either an irrevocable letter of credit issued by an in-
3 sured institution as defined in ORS 706.008 or a bond, in such form and with such surety as the
4 department considers sufficient, conditioned upon the payment of the amount of the warrant, to-
5 gether with all interest in respect thereof, within 60 days after the issuance of the release; or

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

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

14 311.701. (1) There is established in the State Treasury the [*Senior*] **Homestead Property Tax**
15 **Deferral Revolving Account** to be used by the Department of Revenue for the purpose of making the
16 payments to:

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

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

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

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

26 (3) All sums of money received by the Department of Revenue under ORS 311.666 to 311.701 as
27 repayments of deferred property taxes [*or under ORS 311.702 to 311.735 as repayments of deferred*
28 *special assessment improvement amounts*], including the interest accrued under ORS 311.674 (3) [*or*
29 *311.711 (3)*] shall, upon receipt, be credited to the revolving account and are continuously appropri-
30 ated to the department for the purposes of subsection (1) of this section.

31 (4)(a) If there are not sufficient moneys in the revolving account to make the payments required
32 by subsection (1) of this section, and the amount appropriated from the General Fund is not suffi-
33 cient when added together with the moneys in the revolving account to provide an amount sufficient
34 to make the required payments, the State Treasurer, in the capacity of investment officer for the
35 Oregon Investment Council, may lend to the Department of Revenue such amounts as may be nec-
36 essary to make the payments.

37 (b) The State Treasurer may lend moneys that may be invested as provided in ORS 293.701 to
38 293.857.

39 (c) Any moneys lent under this subsection shall be repaid within five years together with in-
40 terest at a rate determined by the State Treasurer and consistent with the investment standards of
41 ORS 293.721 and 293.726.

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

43 311.795. (1) A county governing body may cancel all delinquent taxes and the interest and pen-
44 alties thereon accrued upon property donated to any incorporated city or town or any park and
45 recreation district organized and operating under ORS chapter 266 for parks, playgrounds or a city

1 hall. This section does not apply if the city, town or park and recreation district makes any payment
2 to the owner, either directly or indirectly, for the property.

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

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

11 (4) Property taxes that are deferred under the homestead **property tax** deferral program estab-
12 lished under ORS 311.666 to 311.701[*special assessments for local improvements that are deferred*
13 *under ORS 311.702 to 311.735*] or property taxes that are deferred under the disaster area tax
14 deferral program established under ORS 311.740 to 311.780 are not delinquent taxes for purposes of
15 this section. A county governing body may not cancel any deferred taxes[, *deferred special assess-*
16 *ments*] or interest or penalties that accrue with respect to deferred taxes [*or deferred special as-*
17 *assessments*] described in this subsection.

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

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

21 (2) Notwithstanding subsection (1) of this section, a definition of “area” adopted under [*section*
22 *2 of this 2017 Act*] **ORS 308.151** may be applied to [*assessment years*] **the assessment year** begin-
23 ning on [*or after*] January 1, 2018, with the written consent of the assessor of the county in which
24 the city adopting the definition is located.

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

30 ADMINISTRATIVE CHANGES

31
32
33 **SECTION 26.** ORS 317A.100 is amended to read:

34 317A.100. As used in ORS 317A.100 to 317A.158:

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

36 (A) The total amount realized by a person, arising from transactions and activity in the regular
37 course of the person’s trade or business, without deduction for expenses incurred by the trade or
38 business;

39 (B) If received by a financial institution:

40 (i) If the reporting person for a financial institution is a holding company, all items of income
41 reported on the FR Y-9 filed by the holding company;

42 (ii) If the reporting person for a financial institution is a bank organization, all items of income
43 reported on the call report filed by the bank organization; and

44 (iii) If the reporting person for a financial institution is a nonbank financial organization, all
45 items of income reported in accordance with generally accepted accounting principles; and

1 (C)(i) If received by an insurer, as reported on the statement of premiums accompanying the
2 annual statement required under ORS 731.574 to be filed with the Director of the Department of
3 Consumer and Business Services, all gross direct life insurance premiums, gross direct accident and
4 health insurance premiums and gross direct property and casualty insurance premiums; and

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

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

8 (A) Interest income except:

9 (i) Interest on credit sales; or

10 (ii) Interest income, including service charges, received by financial institutions;

11 (B) Receipts from the sale, exchange or other disposition of an asset described in section 1221
12 or 1231 of the Internal Revenue Code, without regard to the length of time the person held the asset;

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

15 (D) Receipts from hedging transactions, to the extent that the transactions are entered into
16 primarily to protect a financial position, including transactions intended to manage the risk of ex-
17 posure to foreign currency fluctuations that affect assets, liabilities, profits, losses, equity or in-
18 vestments in foreign operations, risk of exposure to interest rate fluctuations or risk of commodity
19 price fluctuations;

20 (E) Proceeds received attributable to the repayment, maturity or redemption of the principal of
21 a loan, bond, mutual fund, certificate of deposit or marketable instrument;

22 (F) The principal amount received under a repurchase agreement or on account of any trans-
23 action properly characterized as a loan to the person;

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

27 (H) Compensation, whether current or deferred, and whether in cash or in kind, received or to
28 be received by an employee, a former employee or the employee's legal successor for services ren-
29 dered to or for an employer, including reimbursements received by or for an individual for medical
30 or education expenses, health insurance premiums or employee expenses or on account of a de-
31 pendent care spending account, legal services plan, any cafeteria plan described in section 125 of
32 the Internal Revenue Code or any similar employee reimbursement;

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

35 (J) Proceeds received on the account of payments from insurance policies, including crop in-
36 surance policies, owned by the taxpayer, except those proceeds received for the loss of commercial
37 activity;

38 (K) Gifts or charitable contributions received, membership dues received by trade, professional,
39 homeowners' or condominium associations, payments received for educational courses, meetings or
40 meals, or similar payments to a trade, professional or other similar association, and fundraising re-
41 cepts received by any person when any excess receipts are donated or used exclusively for chari-
42 table purposes;

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

45 (M) Property, money and other amounts received or acquired by an agent on behalf of another

1 in excess of the agent's commission, fee or other remuneration;

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

8 (O) Pension reversions;

9 (P) Contributions to capital;

10 (Q) Receipts from the sale, transfer, exchange or other disposition of motor vehicle fuel or any
11 other product used for the propulsion of motor vehicles;

12 *[(R) In the case of receipts from the sale of cigarettes or tobacco products by a wholesale dealer,
13 retail dealer, distributor, manufacturer or seller, an amount equal to the federal and state excise taxes
14 paid by any person on or for such cigarettes or tobacco products under subtitle E of the Internal Re-
15 venue Code or ORS chapter 323;]*

16 *[(S) In the case of receipts from the sale of malt beverages or wine, as defined in ORS 471.001,
17 cider, as defined in ORS 471.023 or distilled liquor, as defined in ORS 471.001, by a person holding
18 a license issued under ORS chapter 471, an amount equal to the federal and state excise taxes paid
19 by any person on or for such malt beverages, wine or distilled liquor under subtitle E of the Internal
20 Revenue Code or ORS chapter 471 or 473, and any amount paid to the Oregon Liquor and Cannabis
21 Commission for sales of distilled spirits by an agent appointed under ORS 471.750;]*

22 *[(T) In the case of receipts from the sale of marijuana items, as defined in ORS 475C.009, by a
23 person holding a license issued under ORS 475C.005 to 475C.525, an amount equal to the federal and
24 state excise taxes paid by any person on or for such marijuana items under subtitle E of the Internal
25 Revenue Code or ORS 475C.670 to 475C.734 and any local retail taxes authorized under ORS
26 475C.453;]*

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

29 *[(V)] (R) Tips or gratuities collected by a restaurant or other food establishment and passed on
30 to employees;*

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

36 *[(X) Registration fees or taxes collected by a vehicle dealer certified under ORS 822.020 or a person
37 described in ORS 320.400 (8)(a)(B) at the sale or other transfer of a motor vehicle, as defined in ORS
38 801.360, that are owed to a third party by the purchaser of the motor vehicle and passed to the third
39 party by the dealer;]*

40 *[(Y)] (T) Receipts from a financial institution for services provided to the financial institution
41 in connection with the issuance, processing, servicing and management of loans or credit accounts,
42 if the financial institution and the recipient of the receipts have at least 50 percent of their owner-
43 ship interests owned or controlled, directly or constructively through related interests, by common
44 owners;*

45 *[(Z) In the case of amounts retained as commissions by a holder of a license under ORS chapter*

1 462, an amount equal to the amounts specified under ORS chapter 462 that must be paid to or collected
2 by the Department of Revenue as a tax and the amounts specified under ORS chapter 462 to be used
3 as purse money;]

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

7 [(BB)] (V) Dividends received;

8 [(CC)] (W) Distributive income received from a pass-through entity;

9 [(DD)] (X) Receipts from sales to a wholesaler in this state, if the seller receives certification
10 at the time of sale from the wholesaler that the wholesaler will sell the purchased property outside
11 this state;

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

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

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

21 [(HH)] (AA) Moneys collected by a utility from customers for the payment of loans through
22 on-bill financing;

23 [(II)] Surcharges collected under ORS 757.736;]

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

27 [(KK)] Moneys collected or recovered, by entities listed in ORS 756.310, cable operators as defined
28 in 47 U.S.C. 522(5), telecommunications carriers as defined in 47 U.S.C. 153(51) and providers of in-
29 formation services as defined in 47 U.S.C. 153(24), for fees payable under ORS 756.310, right-of-way
30 fees, franchise fees, privilege taxes, federal taxes and local taxes;]

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

33 [(MM)] Universal service surcharge moneys collected or recovered and paid into the universal ser-
34 vice fund established in ORS 759.425;]

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

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

38 [(PP)] In the case of a seller or provider of telecommunications services, the amount of tax imposed
39 under ORS 403.200 for access to the emergency communications system that is collected from sub-
40 scribers or consumers;]

41 [(QQ)] In the case of a transient lodging tax collector, the amount of tax imposed under ORS
42 320.305 and of any local transient lodging tax imposed upon the occupancy of transit lodging;]

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

45 [(SS)] In the case of a qualified heavy equipment provider, the amount of tax imposed under ORS

1 307.872 upon the rental price of heavy equipment;]

2 [(TT)] (BB) Farmer sales to an agricultural cooperative in this state that is a cooperative or-
3 ganization described in section 1381 of the Internal Revenue Code;

4 [(UU)] (CC) Revenue received by a business entity that is mandated by contract or subcontract
5 to be distributed to another person or entity if the revenue constitutes sales commissions that are
6 paid to a person who is not an employee of the business entity, including, without limitation, a
7 split-fee real estate commission;

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

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

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

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

16 (2) "Cost inputs" means:

17 (a) The cost of goods sold as calculated in arriving at federal taxable income under the Internal
18 Revenue Code; or

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

22 (3) "Doing business" means engaging in any activity, whether legal or illegal, that is conducted
23 for, or results in, the receipt of commercial activity at any time during a calendar year.

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

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

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

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

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

32 (e) Charitable risk pools described in section 501(n) of the Internal Revenue Code.

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

34 (g) Qualified state tuition programs described in section 529 of the Internal Revenue Code.

35 (h) Foreign or alien insurance companies, but only with respect to the underwriting profit de-
36 rived from writing wet marine and transportation insurance subject to tax under ORS 731.824 and
37 731.828 or if an insurance company is subject to the retaliatory tax under ORS 731.854 and 731.859.

38 (i) Governmental entities.

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

42 (k) Hospitals subject to assessment under ORS 414.855, long term care facilities subject to as-
43 sessment under ORS 409.801 or any entity subject to assessment under ORS 414.880 or section 3 or
44 5, chapter 538, Oregon Laws 2017.

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

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

2
3 (6)(a) "FR Y-9" means the consolidated or parent-only financial statements that a holding company is required to file with the Federal Reserve Board pursuant to 12 U.S.C. 1844.

4
5 (b) In the case of a holding company required to file both consolidated and parent-only financial statements, "FR Y-9" means the consolidated financial statements that the holding company is required to file.

6
7
8 (7) "Governmental entity" means:

9 (a) The United States and any of its unincorporated agencies and instrumentalities.

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

11 (c) The State of Oregon and any of its unincorporated agencies and instrumentalities.

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

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

14 (f) A federally recognized Indian tribe.

15
16 (8) "Groceries" means food as defined in 7 U.S.C. 2012(k), but does not include cannabinoid edibles or marijuana seeds.

17
18 (9)(a) "Hedging transaction" means a hedging transaction as defined in section 1221 of the Internal Revenue Code or a transaction accorded hedge accounting treatment under Financial Accounting Standards Board Statement No. 133.

19
20 (b) "Hedging transaction" does not include a transaction in which an actual transfer of title of real or tangible property to another entity occurs.

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

22
23 (11) "Internal Revenue Code," except where the Legislative Assembly has provided otherwise, refers to the laws of the United States or to the Internal Revenue Code as they are amended and in effect on December 31, 2022.

24
25 (12) "Labor costs" means total compensation of all employees, not to include compensation paid to any single employee in excess of \$500,000.

26
27 (13)(a) "Motor vehicle fuel or any other product used for the propulsion of motor vehicles" means:

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

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

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

31 (A) Electricity; or

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

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

34
35 (15) "Retailer" means a person doing business by selling tangible personal property to a purchaser for a purpose other than:

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

3 (b) Incorporation by the purchaser of the property in the course of regular business as an in-
4 gredient or component of real or personal property; or

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

7 (16) "Taxable commercial activity" means commercial activity sourced to this state under ORS
8 317A.128, less any subtraction pursuant to ORS 317A.119.

9 (17)(a) "Taxpayer" means any person or unitary group required to register, file or pay tax under
10 ORS 317A.100 to 317A.158.

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

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

16 (19)(a) "Unitary business" means a business enterprise in which there exists directly or indi-
17 rectly between the members or parts of the enterprise a sharing or exchange of value as demon-
18 strated by:

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

20 (B) Centralized administrative services or functions resulting in economies of scale; or

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

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

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

25 (B) Constitute steps in a vertically integrated process, such as the steps involved in the pro-
26 duction of natural resources, which might include exploration, mining, refining and marketing.

27 (20) "Unitary group" means a group of persons with more than 50 percent common ownership,
28 either direct or indirect, that is engaged in business activities that constitute a unitary business.

29 (21) "Wholesaler" means a person primarily doing business by merchant distribution of tangible
30 personal property to retailers or to other wholesalers.

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

32 291.349. (1) As soon as practicable after adjournment sine die of the odd-numbered year regular
33 session of the Legislative Assembly, the Oregon Department of Administrative Services shall report
34 to the Legislative Revenue Officer and the Legislative Fiscal Officer the estimate as of July 1 of the
35 first year of the biennium of General Fund and State Lottery Fund revenues that will be received
36 by the state during that biennium. The Oregon Department of Administrative Services shall base its
37 estimate on the last forecast given to the Legislative Assembly before adjournment sine die of the
38 odd-numbered year regular session on which the printed, adopted budget prepared in the Oregon
39 Department of Administrative Services is based, adjusted only insofar as necessary to reflect
40 changes in laws adopted at that session. The report shall contain the estimated revenues from cor-
41 porate income and excise taxes separately from the estimated revenues from other General Fund
42 sources. The Oregon Department of Administrative Services may revise the estimate if necessary
43 following adjournment sine die of a special session or an even-numbered year regular session of the
44 Legislative Assembly, but any revision does not affect the basis of the computation described in
45 subsection (3) or (4) of this section.

1 (2) As soon as practicable after the end of the biennium, the Oregon Department of Adminis-
2 trative Services shall report to the Legislative Revenue Officer and the Legislative Fiscal Officer,
3 or the Legislative Assembly if it is in session, the amount of General Fund revenues collected as
4 of the last June 30 of the preceding biennium. The report shall contain the collections from corpo-
5 rate income and excise taxes separately from collections from other sources.

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

11 (4) If the revenues received from General Fund revenue sources, exclusive of those described in
12 subsection (3) of this section, during the biennium exceed the amounts estimated to be received from
13 such sources for the biennium, as estimated after adjournment sine die of the odd-numbered year
14 regular session, by two percent or more, there shall be credited to personal income taxpayers an
15 amount equal to the total amount of that excess, reduced by the cost certified by the Department
16 of Revenue under ORS 291.351 as being allocable to credits described under this subsection. The
17 excess amount to be credited shall be credited to personal income taxpayers in a percentage amount
18 of prior year personal income tax liability as determined under subsection (5) of this section.

19 (5)(a) If there is an excess to be credited under subsection (4) of this section, on or before [*Oc-*
20 *tober*] **November** 1, following the end of each biennium, the Oregon Department of Administrative
21 Services shall determine and certify to the Department of Revenue the percentage amounts of credit
22 for purposes of subsection (4) of this section. The percentage amounts determined shall be percent-
23 age amounts to the nearest one-tenth of a percent that will distribute the excess to be credited to
24 personal income taxpayers.

25 (b) The percentage amount applicable to subsection (4) of this section shall equal the amount
26 distributed under subsection (4) of this section divided by the estimated total personal income tax
27 liability for all personal income taxpayers for tax years beginning in the calendar year immediately
28 preceding the calendar year in which the excess is determined.

29 (c) The amount of the surplus credit under subsection (4) of this section is determined by
30 multiplying the percentage amount determined under paragraph (b) of this subsection by the total
31 amount of a personal income taxpayer's tax liability for the tax year beginning in the calendar year
32 immediately preceding the calendar year in which the excess is determined in order to calculate the
33 amount to be credited to the taxpayer.

34 (d) The credit shall be determined based on the tax liability as shown on the return of the tax-
35 payer or as corrected by the Department of Revenue.

36 (e) The credit shall be computed after the allowance of a credit provided under ORS 316.082,
37 316.131 or 316.292, but before the allowance of any other credit or offset against tax liability allowed
38 or allowable under any provision of law of this state, and before the application of estimated tax
39 payments, withholding or other advance tax payments.

40 (f) For personal income taxpayers, if a credit applied against tax liability as described in para-
41 graph (e) of this subsection reduces tax liability to zero and an amount of the credit remains unused,
42 the remaining unused amount shall be refunded to the taxpayer. For purposes of ORS chapters 305,
43 314, 315 and 316, refunds issued under this paragraph are refunds of an overpayment of tax imposed
44 under ORS chapter 316.

45 (g) The Department of Revenue may prescribe by rule the manner of calculating and claiming

1 a credit if the filing status of a taxpayer changes between the tax year for which a credit may be
 2 claimed and the succeeding tax year.

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

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

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

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

13 327.001. (1) The Fund for Student Success is established in the State Treasury, separate and
 14 distinct from the General Fund.

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

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

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

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

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

28 (B) The amount of change in General Fund revenue to be collected in the biennium due to the
 29 amendments to ORS 316.037 by section 56, chapter 122, Oregon Laws 2019, and the operation of ORS
 30 317A.100 to 317A.158.

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

32 (c) Of the amount in the Fund for Student Success that is not dedicated for transfer as pre-
 33 scribed by paragraph (a) of this subsection or retained under paragraph (b) of this subsection,
 34 transfer to other education accounts as follows:

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

36 (B) Up to 30 percent to the Statewide Education Initiatives Account established in ORS 327.250.

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

38 (5) The department shall make the transfers prescribed by subsection (4) of this section on a
 39 periodic basis. The transfers must be in amounts that, based on the most recent data available to
 40 the department, ensure that the amounts and percentages identified in subsection (4) of this section
 41 are satisfied by the end of the biennium.

42
 43 **UNIT CAPTIONS NOT PART OF LAW**

44
 45 **SECTION 29.** The unit captions used in this 2024 Act are provided only for the conven-

1 ience of the reader and do not become part of the statutory law of this state or express any
2 legislative intent in the enactment of this 2024 Act.

3

4

EFFECTIVE DATE

5

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

8
