

Senate Bill 1510

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 technical fixes and slight policy updates to some tax statutes. (Flesch Readability Score: 63.4).

Updates the terminology used to describe certain income earned by multinational corporations to reflect a change in the term used in federal law. Aligns sunset dates for earned income tax credit provisions with the underlying sunset date for the credit.

Expands the tax credit for certified film production development contributions to allow the use of contributions for the production of commercials. Applies to fiscal years beginning on or after July 1, 2026.

Provides an exception from the annual filing requirement for the property tax exemption for property burdened by an affordable housing covenant used for owner-occupied housing. Applies to property tax years beginning on or after July 1, 2027.

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

A BILL FOR AN ACT

Relating to taxation; creating new provisions; amending ORS 284.368, 307.162, 314.698 and 317.267 and section 32a, chapter 579, Oregon Laws 2019; and prescribing an effective date.

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

SECTION 1. ORS 314.698 is amended to read:

314.698. For purposes of ORS 317.267, amounts of [*global intangible low-taxed*] **net controlled foreign corporation tested** income described in section 951A of the Internal Revenue Code and included in gross income shall be treated in the same manner as a dividend.

SECTION 2. ORS 317.267 is amended to read:

317.267. (1) To derive Oregon taxable income, there shall be added to federal taxable income:

(a) Amounts received as dividends from corporations deducted for federal purposes pursuant to section 243 or 245 of the Internal Revenue Code, except section 245(c) of the Internal Revenue Code;

(b) Amounts deducted for income repatriated, deemed or otherwise, under section 965 of the Internal Revenue Code;

(c) Amounts deducted as [*global intangible low-taxed*] **net controlled foreign corporation tested** income pursuant to section 250 of the Internal Revenue Code;

(d) Amounts paid as dividends by a public utility or telecommunications utility and deducted for federal purposes pursuant to section 247 of the Internal Revenue Code; or

(e) Dividends eliminated under Treasury Regulations adopted under section 1502 of the Internal Revenue Code that are paid by members of an affiliated group that are eliminated from a consolidated federal return pursuant to ORS 317.715 (2).

(2) To derive Oregon taxable income, after the modification prescribed under subsection (1) of this section, there shall be subtracted from federal taxable income an amount equal to 70 percent of dividends (determined without regard to section 78 of the Internal Revenue Code) received or

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 deemed received from corporations if such dividends are included in federal taxable income. How-
2 ever:

3 (a) In the case of any dividend on debt-financed portfolio stock as described in section 246A of
4 the Internal Revenue Code, the subtraction allowed under this subsection shall be reduced under the
5 same conditions and in same amount as the dividends received deduction otherwise allowable for
6 federal income tax purposes is reduced under section 246A of the Internal Revenue Code.

7 (b) In the case of any dividend received from a 20 percent owned corporation, as defined in
8 section 243(c) of the Internal Revenue Code, or *[global intangible low-taxed]* **net controlled foreign**
9 **corporation tested** income included in gross income pursuant to section 951A of the Internal Re-
10 venue Code, this subsection shall be applied by substituting “80 percent” for “70 percent.”

11 (c) A dividend that is not treated as a dividend under section 243(d) of the Internal Revenue
12 Code may not be treated as a dividend for purposes of this subsection.

13 (d) If a dividends received deduction is not allowed for federal tax purposes because of section
14 246(a) or (c) of the Internal Revenue Code, a subtraction may not be made under this subsection for
15 received dividends that are described in section 246(a) or (c) of the Internal Revenue Code.

16 (e) In the case of any dividend received from an alien, domestic or foreign insurer, as defined
17 in ORS 731.082, that would be included in the taxpayer’s consolidated Oregon return but for the
18 application of ORS 317.710 (5) or (7), this subsection shall be applied by substituting “100 percent”
19 for “70 percent.”

20 (f) A subtraction under this subsection is not allowed for any amount of foreign-source dividend
21 income, as described in section 245A of the Internal Revenue Code, that is included in gross income.

22 (3) There shall be excluded from the sales factor of any apportionment formula employed to at-
23 tribute income to this state any amount subtracted from federal taxable income under subsection (2)
24 of this section or deducted under section 245A of the Internal Revenue Code. The amount of any
25 dividend or of any global intangible low-taxed income that is apportionable shall be determined as
26 provided by the apportionment formula applicable to the taxpayer, as provided in ORS 314.280 and
27 314.605 to 314.675, but may not include any amount subtracted under subsection (2) of this section.

28 **SECTION 3.** Section 32a, chapter 579, Oregon Laws 2019, is amended to read:

29 **Sec. 32a.** The amendments to ORS 315.266 by section 31, **chapter 579, Oregon Laws 2019**, *[of*
30 *this 2019 Act]* apply to tax years beginning on or after January 1, 2020~~], and before January 1,~~
31 ~~2026].~~

32 **SECTION 4.** ORS 284.368 is amended to read:

33 284.368. (1) As used in this section:

34 (a) “Actual Oregon expenses” means the costs paid in Oregon for principal photography, pro-
35 duction or postproduction in Oregon of a film, or for media production services, including but not
36 limited to the purchase or rental cost of equipment, food, lodging, real property and permits and
37 payments made for salaries, wages and benefits for work in Oregon.

38 (b) “Film” means a television movie or one or more episodes of a single television series, *[or]*
39 a movie produced for release to theaters, video or the Internet **or a commercial**. “Film” does not
40 include the production of *[a commercial or]* one or more segments of a newscast or sporting event.

41 (c) “Filmmaker” means a person who owns a television or film production company.

42 (d) “Local filmmaker” means a person who owns a television or film production company that
43 has its principal place of business in this state.

44 (e) “Local media production project” means, if made or performed by a local media production
45 services company, a single interactive video game or a portion thereof, **a commercial** or

1 postproduction services for a single film.

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

4 (g) "Media production services" includes postproduction services and interactive video game
5 development. "Media production services" does not include the production of [*a commercial or*] one
6 or more segments of a newscast or sporting event.

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

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

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

12 (2)(a) The Oregon Business Development Department may reimburse a filmmaker or local media
13 production services company for a portion of the actual Oregon expenses incurred by the filmmaker
14 or local media production services company.

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

17 (A) 20 percent of payments made for employee salaries, wages and benefits for work done in
18 Oregon; and

19 (B) 25 percent of all other actual Oregon expenses.

20 (c) Notwithstanding paragraph (b) of this subsection, maximum reimbursement for a single film
21 may not exceed 50 percent of total moneys received by the Oregon Production Investment Fund
22 during the biennium in which the actual Oregon expenses are incurred.

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

25 (3)(a) The department may reimburse a local filmmaker or local media production services
26 company for all or a portion of the actual Oregon expenses, up to \$1 million, incurred by the local
27 filmmaker or local media production services company.

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

29 (A) Total actual Oregon expenses paid for the film or media production services must be at least
30 \$75,000;

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

33 (C) The local filmmaker or local media production services company may have employed or
34 contracted with a certified public accountant licensed by the Oregon Board of Accountancy for the
35 provision of payroll services.

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

38 (a) A travel and living expenses rebate of \$200 per employee per day, for any day that a film is
39 shot **in Oregon but** entirely outside the Portland metropolitan zone, not to exceed \$10,000 per day
40 or \$50,000 per film; or

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

44 (5) Reimbursement under this section shall be made from moneys credited to or deposited in the
45 Oregon Production Investment Fund during the biennium in which the actual Oregon expenses were

1 paid or any prior biennium. A reimbursement may not be made to the extent funds are not available
2 in the fund to make the reimbursement.

3 (6)(a) Total actual Oregon expenses supporting a claim for reimbursement under this section
4 must be verified by the Oregon Film and Video Office. The filmmaker or local media production
5 services company must submit to the office proof of the actual Oregon expenses. The proof must
6 include any documentation that may be required by the office in its discretion to verify the actual
7 Oregon expenses.

8 (b) The office may charge the filmmaker or local media production services company for costs
9 reasonably incurred to verify the actual Oregon expenses, including but not limited to the cost for
10 a review or audit of the supporting documentation by an accountant or auditor. The office may re-
11 quire the department to deduct the costs incurred by the office in performing its review or audit
12 from any reimbursement made to the filmmaker or local media production services company under
13 this section.

14 (c) The office may adopt rules that establish a procedure for the submission and verification of
15 actual Oregon expenses.

16 **SECTION 5. The amendments to ORS 284.368 by section 4 of this 2026 Act apply to fiscal**
17 **years beginning on or after July 1, 2026.**

18 **SECTION 6.** ORS 307.162 is amended to read:

19 307.162. (1)(a) Before any real or personal property may be exempted from taxation under ORS
20 307.092, 307.110 (3)(h), 307.115, 307.118, 307.130 to 307.140, 307.145, 307.147, 307.150, 307.160, 307.181
21 (3), 307.513, 307.555 or 307.580 for any tax year, the institution, organization or person entitled to
22 claim the exemption must file a claim with the county assessor, on or before April 1 preceding the
23 tax year for which the exemption is claimed. The claim must contain statements, verified by the
24 oath or affirmation of the president or other proper officer of the institution or organization or the
25 person, that:

26 (A) List all real property claimed to be exempt and show the purpose for which the real property
27 is used; and

28 (B) Cite the statutes under which exemption for personal property is claimed.

29 (b)(A) Notwithstanding paragraph (a) of this subsection, a claim for an initial year of exemption
30 under ORS 307.140 (4) must be filed with the Department of Revenue.

31 (B) If the ownership of all property, other than property described in ORS 307.110 (3)(h)[,] **or**
32 307.140 (4) [*or 307.555*], included in the claim filed with the county assessor for a prior year remains
33 unchanged, a new claim is not required.

34 (c) When the property designated in the claim for exemption is acquired after March 1 and be-
35 fore July 1, the claim for that year must be filed within 30 days from the date of acquisition of the
36 property.

37 (2)(a) Notwithstanding subsection (1) of this section, a claim may be filed under this section for
38 the current tax year:

39 (A) On or before December 31 of the tax year, if the claim is accompanied by a late filing fee
40 of the greater of \$200, or one-tenth of one percent of the real market value as of the most recent
41 assessment date of the property to which the claim pertains.

42 (B) On or before April 1 of the tax year, if the claim is accompanied by a late filing fee of \$200
43 and the claimant demonstrates good and sufficient cause for failing to file a timely claim, is a
44 first-time filer or is a public entity described in ORS 307.090.

45 (b)(A) Notwithstanding subsection (1) of this section, a claimant that demonstrates good and

1 sufficient cause for failing to file a timely claim, is a first-time filer or is a public entity described
 2 in ORS 307.090 may file a claim under this section for the five tax years prior to the current tax
 3 year:

4 (i) Within 60 days after the date on which the county assessor mails notice of additional taxes
 5 owing under ORS 311.206 for the property to which the claim filed under this subparagraph pertains;
 6 or

7 (ii) At any time if no notice is mailed.

8 (B) A claim filed under this paragraph must be accompanied by a late filing fee of the greater
 9 of \$200, or one-tenth of one percent of the real market value as of the most recent assessment date
 10 of the property to which the claim pertains, multiplied by the number of prior tax years for which
 11 exemption is claimed.

12 (c) If a claim filed under this subsection is not accompanied by the late filing fee or if the late
 13 filing fee is not otherwise paid, an exemption may not be allowed for the tax years sought by the
 14 claim. A claim may be filed under this subsection notwithstanding that there are no grounds for
 15 hardship as required for late filing under ORS 307.475.

16 (d) The value of the property used to determine the late filing fee under this subsection and the
 17 determination of the county assessor relative to a claim of good and sufficient cause are appealable
 18 in the same manner as other acts of the county assessor.

19 (e) A late filing fee collected under this subsection must be deposited in the county general fund.

20 (3)(a) In a claim for exemption of property described in ORS 307.110 (3)(h), the county or city,
 21 town or other municipal corporation or political subdivision of this state that is filing the claim must
 22 substantiate that the property is used for affordable housing or that it is leased or rented to persons
 23 of lower income, as applicable.

24 (b) A claim filed under this subsection must be filed annually on a form prescribed by the De-
 25 partment of Revenue.

26 (4) As used in this section:

27 (a) "First-time filer" means a claimant that:

28 (A) Has never filed a claim for the property that is the subject of the current claim; and

29 (B) Did not receive notice from the county assessor on or before December 1 of the tax year for
 30 which exemption is claimed regarding the potential property tax liability of the property.

31 (b)(A) "Good and sufficient cause" means an extraordinary circumstance beyond the control of
 32 the taxpayer or the taxpayer's agent or representative that causes the failure to file a timely claim.

33 (B) "Good and sufficient cause" does not include hardship, reliance on misleading information
 34 unless the information is provided by an authorized tax official in the course of the official's duties,
 35 lack of knowledge, oversight or inadvertence.

36 (c) "Ownership" means legal and equitable title.

37 (5)(a) Notwithstanding subsection (1) of this section, if an institution or organization owns
 38 property that is exempt from taxation under a provision of law listed in subsection (1) of this section
 39 and fails to file a timely claim for exemption under subsection (1) of this section for additions or
 40 improvements to the exempt property, the additions or improvements may nevertheless qualify for
 41 exemption.

42 (b) The organization must file a claim for exemption with the county assessor to have the addi-
 43 tions or improvements to the exempt property be exempt from taxation. The claim must:

44 (A) Describe the additions or improvements to the exempt property;

45 (B) Describe the current use of the property that is the subject of the application;

(C) Identify the tax year and any preceding tax years for which the exemption is sought;

(D) Contain any other information required by the department; and

(E) Be accompanied by a late filing fee equal to the product of the number of tax years for which exemption is sought multiplied by the greater of \$200 or one-tenth of one percent of the real market value as of the most recent assessment date of the property that is the subject of the claim.

(c) Upon the county assessor's receipt of a completed claim and late filing fee, the assessor shall determine for each tax year for which exemption is sought whether the additions or improvements that are the subject of the claim would have qualified for exemption had a timely claim been filed under subsection (1) of this section. Any property that would have qualified for exemption had a timely claim been filed under subsection (1) of this section is exempt from taxation for each tax year for which the property would have qualified.

(d) A claim for exemption under this subsection may be filed only for tax years for which the time for filing a claim under subsections (1) and (2)(a) of this section has expired. A claim filed under this subsection, however, may serve as the claim required under subsection (1) of this section for the current tax year.

(e) A late filing fee collected under this subsection must be deposited in the county general fund.

(6) For each tax year for which an exemption granted pursuant to subsection (2) or (5) of this section applies:

(a) Any tax, or interest attributable thereto, that was paid with respect to the property that is declared exempt from taxation must be refunded. Refunds must be made without interest from the unsegregated tax collections account established under ORS 311.385.

(b) Any tax, or interest attributable thereto, that remains unpaid as of the date the exemption is granted must be abated.

(7) If an institution, organization or person owns property that is exempt from taxation under a provision of law listed in subsection (1) of this section and changes the use of the property to a use that would not entitle the property to exemption from taxation, the institution or organization must notify the county assessor of the change to a taxable use within 30 days.

SECTION 7. The amendments to ORS 307.162 by section 6 of this 2026 Act apply to property tax years beginning on or after July 1, 2027.

SECTION 8. This 2026 Act takes effect on the 91st day after the date on which the 2026 regular session of the Eighty-third Legislative Assembly adjourns sine die.