

HOUSE AMENDMENTS TO HOUSE BILL 3601

By JOINT COMMISSION ON SPECIAL SESSION

October 1

1 On page 1 of the printed bill, line 2, after “317.061,” insert “317.283.”

2 On page 3, line 13, after “section” insert “, with no more than \$1,800 attributable to the medical
3 care of that spouse”.

4 In line 15, after “section” insert “, with no more than \$1,800 attributable to the medical care
5 of that individual”.

6 On page 7, line 34, delete “subsection (2) of this section and”.

7 Delete lines 38 through 42 and insert:

8 “(2) An interest charge DISC formed on or before the effective date of this 2013 special session
9 Act is exempt from the tax imposed under ORS 317.090.

10 “**SECTION 6a.** ORS 317.283 is amended to read:

11 “317.283. (1) To derive Oregon taxable income, federal taxable income shall be modified to the
12 extent necessary to not recognize for Oregon tax purposes any transaction between the taxpayer
13 and a related domestic international sales corporation. The taxpayer shall be considered to have
14 entered directly into any transactions with third parties that are treated for federal income tax
15 purposes as having been entered into by a related domestic international sales corporation. To sat-
16 isfy the requirements of this section:

17 “(a) No deduction shall be allowed to any taxpayer for any payment to a related domestic
18 international sales corporation;

19 “(b) No income or expense that would be attributed to a taxpayer but for the provisions of
20 sections 991 to 996 of the Internal Revenue Code shall be treated as attributable to a related do-
21 mestic international sales corporation; and

22 “(c) No deduction shall be allowed to a taxpayer for interest on DISC-related deferred tax li-
23 ability paid pursuant to section 995 (f) of the Internal Revenue Code.

24 “(2) **Notwithstanding subsection (1) of this section:**

25 “(a) **A tax shall be imposed under this chapter at a rate of 2.5 percent on any commission**
26 **received by a domestic international sales corporation; and**

27 “(b) **A deduction shall be allowed for commission payments to a domestic international**
28 **sales corporation, if the domestic international sales corporation is formed on or before the**
29 **effective date of this 2013 special session Act.**

30 “[2] (3) As used in this section, ‘domestic international sales corporation’ means a domestic
31 international sales corporation as defined in section 992 of the Internal Revenue Code.

32 “**SECTION 6b.** **Section 6c of this 2013 special session Act is added to and made a part of**
33 **ORS chapter 316.**

34 “**SECTION 6c.** (1) **In addition to the other modifications to federal taxable income con-**
35 **tained in this chapter, there shall be subtracted from federal taxable income the amount of**

1 **any dividend received by the taxpayer from a domestic international sales corporation.**

2 **“(2) As used in this section, ‘domestic international sales corporation’ means a domestic**
3 **international sales corporation as defined in section 992 of the Internal Revenue Code.”.**

4 In line 43, delete “6a” and insert “6d”.

5 On page 8, line 22, delete “Section 4” and insert “Sections 4 and 6c”.

6 In line 23, after “317.061” insert “, 317.283” and delete “and 6” and insert “, 6 and 6a”.

7 In line 25, delete “6a” and insert “6d”.

8 On page 9, line 38, after the period insert “The only addition or subtraction allowed in the
9 calculation of nonpassive income for which the taxpayer uses the reduced rates allowed under sub-
10 section (2) of this section shall be any depreciation adjustment directly related to the partnership
11 or S corporation.”.

12 In line 40, after the period delete the rest of the line and insert “If the taxpayer uses the re-
13 duced rates allowed under subsection (2) of this section, the calculation of income shall be sub-
14 stantiated on a form prescribed by”.

15 On page 10, after line 10, insert:

16 “(7)(a) A nonresident may apply the reduced rates allowed under subsection (2) of this section
17 only to income earned in Oregon.

18 “(b) A part-year resident shall calculate the tax due using the reduced rates allowed under
19 subsection (2) of this section by first applying those rates to the taxpayer’s nonpassive income that
20 meets the requirements of subsection (6) of this section, and then multiplying that amount by the
21 ratio of the taxpayer’s nonpassive income in Oregon divided by nonpassive income from all
22 sources.”.

23 In line 13, delete “Department of Revenue” and insert “Legislative Revenue Officer”.

24 In line 14, delete “Legislative Revenue Officer” and insert “Department of Revenue” and delete
25 “an estimate” and insert “estimates”.

26 In line 16, delete “estimate” and insert “estimates”.

27 In line 17, after “2017” insert “, and in tax years beginning on or after January 1, 2019, and
28 before January 1, 2021” and delete “estimate” and insert “estimates”.

29 In line 20, delete “department” and insert “Legislative Revenue Officer”.

30 Delete line 26 and insert “If the ratio exceeds the ratio calculated under”.

31 In line 27, delete “25” and insert “15”.

32 In line 28, delete “generate revenue suffi-”.

33 In line 29, delete “cient to compensate for the additional revenue loss,” and insert “achieve a
34 ratio of approximately 105 percent of the ratio calculated in subsection (1)(a) of this section for tax
35 years beginning on or after January 1, 2015, and before January 1, 2017.”.

36 In line 34, delete “department” and insert “Legislative Revenue Officer”.

37 In line 40, after the first “ratio” delete the rest of the line and insert “exceeds the ratio included
38 in the estimate required under subsection (1)(a) of this section for tax years beginning on or after
39 January 1, 2019, and before January 1, 2021, by more than 25 percent, the rates listed in section 11
40 (2) of this 2013 special session Act shall be proportionately adjusted to achieve a ratio of approxi-
41 mately 115 percent of the ratio calculated in subsection (1)(a) of this section for tax years beginning
42 on or after January 1, 2019, and before January 1, 2021. If the ratio is less than 75 percent of the
43 ratio included in the estimate required under subsection (1)(a) of this section for tax years beginning
44 on or after January 1, 2019, and before January 1, 2021, the rates listed in section 11 (2) of this 2013
45 special session Act shall be proportionately adjusted to achieve a ratio of approximately 85 percent

1 of the ratio calculated in subsection (1)(a) of this section for tax years beginning on or after January
2 1, 2019, and before January 1, 2021. The adjusted rates under this subsection may in no event exceed
3 9.9 percent of taxable income or be reduced to lower than the original rate provided in section 11
4 (2) of this 2013 special session Act.”.

5 Delete lines 41 through 45.

6 On page 14, line 32, before “in” insert “and”.

7 In line 33, after “20,” delete the rest of the line.

8 In line 34, delete “nation ‘10,”.

9 On page 15, after line 12, insert:

10 **“SECTION 23a. (1) All Oregon cigarette tax stamps in the possession of or under the**
11 **control of any dealer or distributor as of December 31, 2015, bearing the indicia of \$1.64 for**
12 **each Oregon cigarette tax stamp bearing the designation ‘25,’ or of \$1.31 for each Oregon**
13 **cigarette tax stamp bearing the designation ‘20,’ shall expire on January 31, 2016.**

14 **“(2) All Oregon cigarette tax stamps in the possession of or under the control of any**
15 **dealer or distributor as of December 31, 2017, bearing the indicia of \$1.65 for each Oregon**
16 **cigarette tax stamp bearing the designation ‘25,’ or of \$1.32 for each Oregon cigarette tax**
17 **stamp bearing the designation ‘20,’ shall expire on January 31, 2018.”.**

18 In line 16, delete “and 317.061” and insert “, 317.061 and 317.283” and delete “and 5” and insert
19 “, 5 and 6a”.

20 In line 21, after “4,” insert “6c,”.

21 In line 22, after “317.061,” insert “317.283,”.

22 In line 23, after “6a,” insert “6d,”.

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