

D R A F T

SUMMARY

Makes technical changes in Oregon tax statutes. Adjusts grammar and syntax. Repeals and deletes obsolete statutes and provisions. Conforms language and structure to existing statutes.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to the correction of erroneous material in Oregon tax law; amend-
3 ing ORS 310.160, 310.165, 314.011, 314.085, 314.276 and 316.029; repealing
4 ORS 314.265, 316.739 and 317.301; and prescribing an effective date.

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

5 **SECTION 1.** ORS 310.160 is amended to read:

6
7 310.160. (1) For purposes of determining whether the taxes on property to
8 be imposed on any property exceed the limits imposed by section 11b, Article
9 XI of the Oregon Constitution, the unit of property to be considered shall
10 consist of all contiguous property within a single code area in the county
11 under common ownership that is used and appraised for a single integrated
12 purpose, whether or not that property is taxed as a single account or multi-
13 ple accounts.

14 (2) In the case of real property that is specially assessed under ORS
15 308A.107, 308A.256, 308A.315, [*or*] 321.257 to 321.390 **or 358.480 to 358.545** or
16 any other law, or partially exempt from tax under ORS 307.250[,] **or 307.370**
17 [*or 358.480 to 358.545*] or any other law, the unit of property shall consist of
18 all components of land and improvements in a single operating unit.

19 (3) In the case of timeshare properties, the unit of property shall consist
20 of all real property components associated with all timeshare property within

1 a timeshare plan as described in ORS 94.808.

2 (4) In the case of personal property that is not part of an operating unit
3 consisting of both real and personal property, the unit of property shall
4 consist of all items of personal property identified in a single property tax
5 account.

6 (5) In the case of land upon which an improvement is located, and the
7 land and the improvement are owned by different persons, if the land and
8 improvements are a single operating unit, the unit of property shall consist
9 of the entire improved parcel.

10 **NOTE:** Corrects misplacement of statutory series within statute in (2).

11 **SECTION 2.** ORS 310.165 is amended to read:

12 310.165. (1) For any unit of property partially exempt from tax under ORS
13 307.250, 307.370[,] **or** 308.459 [*or 358.480 to 358.545*] or any other law, the
14 assessor shall determine the maximum amount of taxes on property to be
15 imposed on such **unit of** property under ORS 310.150, by using the lesser of
16 the real market value or the taxable value of the **unit of** property after the
17 exemption has been applied.

18 (2) For any [*land*] **unit of property** that is specially assessed for ad
19 valorem tax purposes under ORS 308A.050 to 308A.128, 308A.250 to 308A.259,
20 308A.315, 321.257 to 321.390, 321.700 to 321.754, [*or*] 321.805 to 321.855 **or**
21 **358.480 to 358.545**, the assessor shall determine the maximum amount of
22 taxes on property to be imposed on such property under ORS 310.150 by using
23 the lesser of the real market value or the specially assessed value of the
24 property.

25 (3) In the case of any unit of property of which a part of the unit is ex-
26 empt from taxation, and that part may be identified both as to value and
27 physical description, the real market value of the unit shall not include the
28 value of the exempt part of the unit.

29 (4) [*If*] **This subsection applies to** any unit of property described in
30 subsection (1) or (2) of this section for which the maximum amount of taxes
31 imposed has been determined under this section. **If the unit of property** is

1 subject to imposition of additional taxes due to disqualification from special
2 assessment or partial exemption, the determination of the maximum amount
3 of additional taxes that may be imposed due to disqualification shall be made
4 on the basis of the real market value of the property for the year to which
5 the additional taxes relate.

6 **NOTE:** Corrects misplacement of statutory series within statute in (1)
7 and (2); corrects terminology in (1), (2) and (4); corrects syntax in (4).

8 **SECTION 3.** ORS 314.011, as amended by section 17, chapter 101, Oregon
9 Laws 2018, is amended to read:

10 314.011. (1) As used in this chapter, unless the context requires otherwise,
11 “department” means the Department of Revenue.

12 (2) As used in this chapter:

13 (a) Any term has the same meaning as when used in a comparable context
14 in the laws of the United States relating to federal income taxes, unless a
15 different meaning is clearly required or the term is specifically defined in
16 this chapter.

17 (b) Except where the Legislative Assembly has provided otherwise, a ref-
18 erence to the laws of the United States or to the Internal Revenue Code re-
19 fers to the laws of the United States or to the Internal Revenue Code as they
20 are amended and in effect:

21 (A) On December 31, 2017; or

22 (B) If related to the definition of taxable income, as applicable to the tax
23 year of the taxpayer.

24 (c) With respect to ORS 314.105, 314.256 (relating to proxy tax on lobbying
25 expenditures), 314.260 (1)(b), [314.265 (1)(b),] 314.302, 314.306, 314.330, 314.360,
26 314.362, 314.385, 314.402, 314.410, 314.412, 314.525, 314.742 (7), 314.750 and
27 314.752 and other provisions of this chapter, except those described in para-
28 graph (b) of this subsection, any reference to the laws of the United States
29 or to the Internal Revenue Code means the laws of the United States relating
30 to income taxes or the Internal Revenue Code as they are amended on or
31 before December 31, 2017, even when the amendments take effect or become

1 operative after that date, except where the Legislative Assembly has specif-
2 ically provided otherwise.

3 (3) Insofar as is practicable in the administration of this chapter, the de-
4 partment shall apply and follow the administrative and judicial interpreta-
5 tions of the federal income tax law. When a provision of the federal income
6 tax law is the subject of conflicting opinions by two or more federal courts,
7 the department shall follow the rule observed by the United States Commis-
8 sioner of Internal Revenue until the conflict is resolved. Nothing contained
9 in this section limits the right or duty of the department to audit the return
10 of any taxpayer or to determine any fact relating to the tax liability of any
11 taxpayer.

12 (4) When portions of the Internal Revenue Code incorporated by reference
13 as provided in subsection (2) of this section refer to rules or regulations
14 prescribed by the Secretary of the Treasury, then such rules or regulations
15 shall be regarded as rules adopted by the department under and in accord-
16 ance with the provisions of this chapter, whenever they are prescribed or
17 amended.

18 (5)(a) When portions of the Internal Revenue Code incorporated by refer-
19 ence as provided in subsection (2) of this section are later corrected by an
20 Act or a Title within an Act of the United States Congress designated as an
21 Act or Title making technical corrections, then notwithstanding the date
22 that the Act or Title becomes law, those portions of the Internal Revenue
23 Code, as so corrected, shall be the portions of the Internal Revenue Code
24 incorporated by reference as provided in subsection (2) of this section and
25 shall take effect, unless otherwise indicated by the Act or Title (in which
26 case the provisions shall take effect as indicated in the Act or Title), as if
27 originally included in the provisions of the Act being technically corrected.
28 If, on account of this subsection, any adjustment is required to an Oregon
29 return that would otherwise be prevented by operation of law or rule, the
30 adjustment shall be made, notwithstanding any law or rule to the contrary,
31 in the manner provided under ORS 314.135.

1 (b) As used in this subsection, “Act or Title” includes any subtitle, divi-
2 sion or other part of an Act or Title.

3 **NOTE:** Deletes reference to repealed statute in (2)(c). See section 5.

4 **SECTION 4.** ORS 314.085 is amended to read:

5 314.085. (1) The taxable year of a partnership, REMIC (real estate mort-
6 gage investment conduit)[, *FASIT* (*financial asset securitization investment*
7 *trust*)] or taxpayer shall be the same as its taxable year for federal income
8 tax purposes.

9 (2) If the taxable year of a partnership, REMIC[, *FASIT*] or taxpayer is
10 changed for federal income tax purposes, that change in taxable year shall
11 also apply for purposes of state taxation. If a change in taxable year results
12 in a taxable period of less than 12 months, the personal deductions and the
13 personal exemption credits allowed by ORS chapter 316 shall be prorated
14 under rules adopted by the Department of Revenue.

15 (3) Notwithstanding subsections (1) and (2) of this section, if the depart-
16 ment terminates the taxable year of a taxpayer under ORS 314.440, the tax
17 shall be computed for the period determined by such action.

18 **NOTE:** Deletes reference to repealed federal law in (1) and (2).

19 **SECTION 5.** ORS 314.265 is repealed.

20 **NOTE:** Repeals obsolete statute regarding repealed federal law.

21 **SECTION 6.** ORS 314.276 is amended to read:

22 314.276. (1) The method of accounting of a partnership, REMIC (real es-
23 tate mortgage investment conduit)[, *FASIT* (*financial asset securitization in-*
24 *vestment trust*)] or taxpayer shall be the same as the method of accounting
25 which the partnership, REMIC[, *FASIT*] or taxpayer uses for federal income
26 tax purposes for the taxable year.

27 (2) Notwithstanding subsection (1) of this section, if the method of ac-
28 counting used by the partnership, REMIC[, *FASIT*] or taxpayer does not
29 clearly reflect income, the computation of taxable income shall be made un-
30 der such method as the Department of Revenue may prescribe.

31 (3) If the method of accounting is changed for federal income tax pur-

1 poses, the partnership, REMIC[, *FASIT*] or taxpayer shall adopt the same
2 method of accounting for purposes of ORS chapter 316, 317 or 318 and shall
3 use that method beginning with the return filed which corresponds to the
4 first federal return filed which is required to use the new method. Any ad-
5 justments required to prevent amounts from being duplicated or omitted shall
6 be taken into account for state tax purposes in the same manner as for fed-
7 eral tax purposes.

8 (4) Subsections (1) and (3) of this section shall not apply with respect to
9 methods of accounting which are disallowed for purposes of ORS chapter 316,
10 317 or 318.

11 **NOTE:** Deletes reference to repealed federal law in (1) to (3).

12 **SECTION 7.** ORS 316.029 is amended to read:

13 316.029. [*Notwithstanding ORS 316.739,*] A subtraction from federal taxa-
14 ble income is not allowed for amounts included in the calculation of an
15 Oregon net operating loss under ORS 316.028.

16 **NOTE:** Deletes reference to repealed statute. See section 8.

17 **SECTION 8.** ORS 316.739 and 317.301 are repealed.

18 **NOTE:** Repeals obsolete statutes.

19 **SECTION 9.** This 2019 Act takes effect on the 91st day after the date
20 on which the 2019 regular session of the Eightieth Legislative Assem-
21 bly adjourns sine die.

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