

DRAFT

SUMMARY

Updates connection date to federal Internal Revenue Code and other provisions of federal tax law. Removes tax year of taxpayer as connection date for certain changes in Internal Revenue Code that are related to definition of taxable income.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to connection to federal tax law; creating new provisions; amending
3 ORS 178.300, 238A.005, 238A.125, 238A.150, 238A.170, 238A.230, 238A.370,
4 238A.400, 238A.410, 238A.415, 238A.430, 238A.435, 305.230, 305.494, 305.690,
5 305.842, 314.011, 314.306, 315.004, 316.012, 316.013, 316.147, 316.157, 317.010,
6 317.018, 317.097, 458.670 and 657.010; and prescribing an effective date.

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

8 **SECTION 1.** ORS 178.300 is amended to read:

9 178.300. As used in ORS 178.300 to 178.355:

10 (1) “Account” means an individual account established in accordance with
11 ORS 178.300 to 178.355.

12 (2) “Account owner” means the person who has the right to withdraw
13 funds from the account. The account owner may also be the designated ben-
14 eficiary of the account.

15 (3) “Board” means the Oregon 529 Savings Board established under ORS
16 178.310.

17 (4) “Designated beneficiary” means, except as provided in ORS 178.350,
18 the individual designated at the time the account is opened as having the
19 right to receive a qualified withdrawal for the payment of qualified higher

1 education expenses, or if the designated beneficiary is replaced in accordance
2 with ORS 178.350, the replacement.

3 (5) “Financial institution” means a bank, a commercial bank, a national
4 bank, a savings bank, a savings and loan, a thrift institution, a credit union,
5 an insurance company, a trust company, a mutual fund, an investment firm
6 or other similar entity authorized to do business in this state.

7 (6) “Higher education institution” means an eligible education institution
8 as defined in section 529(e)(5) of the Internal Revenue Code.

9 (7) “Internal Revenue Code” means the federal Internal Revenue Code as
10 amended and in effect on December 31, [2017] **2018**.

11 (8) “Member of the family” shall have the same meaning as contained in
12 section 529(e) of the Internal Revenue Code.

13 (9) “Network” means the Oregon 529 Savings Network established under
14 ORS 178.305.

15 (10) “Nonqualified withdrawal” means a withdrawal from an account that
16 is not a qualified withdrawal.

17 (11) “Qualified higher education expenses” means tuition and other per-
18 mitted expenses as set forth in section 529(e) of the Internal Revenue Code
19 for the enrollment or attendance of a designated beneficiary at a higher ed-
20 ucation institution.

21 (12) “Qualified withdrawal” means a withdrawal made as prescribed under
22 ORS 178.355 and made:

23 (a) From an account to pay the qualified higher education expenses of the
24 designated beneficiary;

25 (b) As the result of the death or disability of the designated beneficiary;

26 (c) As the result of a scholarship, allowance or payment described in
27 section 135(d)(1)(A), (B) or (C) of the Internal Revenue Code that is received
28 by the designated beneficiary, but only to the extent of the amount of the
29 scholarship, allowance or payment; or

30 (d) As a rollover or change in the designated beneficiary described in ORS
31 178.350.

1 **SECTION 2.** ORS 238A.005, as amended by section 5, chapter 54, Oregon
2 Laws 2018, and section 2, chapter 101, Oregon Laws 2018, is amended to read:
3 238A.005. For the purposes of this chapter:

4 (1) “Active member” means a member of the pension program or the in-
5 dividual account program of the Oregon Public Service Retirement Plan who
6 is actively employed in a qualifying position.

7 (2) “Actuarial equivalent” means a payment or series of payments having
8 the same value as the payment or series of payments replaced, computed on
9 the basis of interest rate and mortality assumptions adopted by the board.

10 (3) “Board” means the Public Employees Retirement Board.

11 (4) “Eligible employee” means a person who performs services for a par-
12 ticipating public employer, including elected officials other than judges.
13 “Eligible employee” does not include:

14 (a) Persons engaged as independent contractors;

15 (b) Aliens working under a training or educational visa;

16 (c) Persons provided sheltered employment or make-work by a public em-
17 ployer;

18 (d) Persons categorized by a participating public employer as student
19 employees;

20 (e) Any person who is an inmate of a state institution;

21 (f) Employees of foreign trade offices of the Oregon Business Development
22 Department who live and perform services in foreign countries under the
23 provisions of ORS 285A.075 (1)(g);

24 (g) An employee actively participating in an alternative retirement pro-
25 gram established under ORS 353.250 or an optional retirement plan estab-
26 lished under ORS 341.551;

27 (h) Employees of a public university listed in ORS 352.002 who are ac-
28 tively participating in an optional retirement plan offered under ORS 243.800;

29 (i) Persons employed in positions classified as post-doctoral scholar posi-
30 tions by a public university listed in ORS 352.002, or by the Oregon Health
31 and Science University, under ORS 350.370;

1 (j) Any employee who belongs to a class of employees that was not eligi-
2 ble on August 28, 2003, for membership in the system under the provisions
3 of ORS chapter 238 or other law;

4 (k) Any person who belongs to a class of employees who are not eligible
5 to become members of the Oregon Public Service Retirement Plan under the
6 provisions of ORS 238A.070 (2);

7 (L) Any person who is retired under ORS 238A.100 to 238A.250 or ORS
8 chapter 238 and who continues to receive retirement benefits while employed;
9 and

10 (m) Judges.

11 (5) "Firefighter" means:

12 (a) A person employed by a local government, as defined in ORS 174.116,
13 whose primary job duties include the fighting of fires;

14 (b) The State Fire Marshal, the chief deputy state fire marshal and deputy
15 state fire marshals; and

16 (c) An employee of the State Forestry Department who is certified by the
17 State Forester as a professional wildland firefighter and whose primary du-
18 ties include the abatement of uncontrolled fires as described in ORS 477.064.

19 (6) "Fund" means the Public Employees Retirement Fund.

20 (7)(a) "Hour of service" means:

21 (A) An hour for which an eligible employee is directly or indirectly paid
22 or entitled to payment by a participating public employer for performance
23 of duties in a qualifying position; and

24 (B) An hour of vacation, holiday, illness, incapacity, jury duty, military
25 duty or authorized leave during which an employee does not perform duties
26 but for which the employee is directly or indirectly paid or entitled to pay-
27 ment by a participating public employer for services in a qualifying position,
28 as long as the hour is within the number of hours regularly scheduled for
29 the performance of duties during the period of vacation, holiday, illness, in-
30 capacity, jury duty, military duty or authorized leave.

31 (b) "Hour of service" does not include any hour for which payment is

1 made or due under a plan maintained solely for the purpose of complying
2 with applicable unemployment compensation laws.

3 (8) “Inactive member” means a member of the pension program or the
4 individual account program of the Oregon Public Service Retirement Plan
5 whose membership has not been terminated, who is not a retired member and
6 who is not employed in a qualifying position.

7 (9) “Individual account program” means the defined contribution individ-
8 ual account program of the Oregon Public Service Retirement Plan estab-
9 lished under ORS 238A.025.

10 (10) “Institution of higher education” means a public university listed in
11 ORS 352.002, the Oregon Health and Science University or a community
12 college, as defined in ORS 341.005.

13 (11) “Member” means an eligible employee who has established member-
14 ship in the pension program or the individual account program of the Oregon
15 Public Service Retirement Plan and whose membership has not been termi-
16 nated under ORS 238A.110 or 238A.310.

17 (12) “Participating public employer” means a public employer as defined
18 in ORS 238.005 that provides retirement benefits for employees of the public
19 employer under the system.

20 (13) “Pension program” means the defined benefit pension program of the
21 Oregon Public Service Retirement Plan established under ORS 238A.025.

22 (14) “Police officer” means a police officer as described in ORS 238.005.

23 (15) “Qualifying position” means one or more jobs with one or more par-
24 ticipating public employers in which an eligible employee performs 600 or
25 more hours of service in a calendar year, excluding any service in a job for
26 which benefits are not provided under the Oregon Public Service Retirement
27 Plan pursuant to ORS 238A.070 (2).

28 (16) “Retired member” means a pension program member who is receiving
29 a pension as provided in ORS 238A.180 to 238A.195.

30 (17)(a) “Salary” means the remuneration paid to an active member in re-
31 turn for services to the participating public employer, including

1 remuneration in the form of living quarters, board or other items of value,
2 to the extent the remuneration is includable in the employee's taxable in-
3 come under Oregon law. "Salary" includes the additional amounts specified
4 in paragraph (b) of this subsection, but does not include the amounts speci-
5 fied in paragraph (c) of this subsection, regardless of whether those amounts
6 are includable in taxable income.

7 (b) "Salary" includes the following amounts:

8 (A) Payments of employee and employer money into a deferred compen-
9 sation plan that are made at the election of the employee.

10 (B) Contributions to a tax-sheltered or deferred annuity that are made at
11 the election of the employee.

12 (C) Any amount that is contributed to a cafeteria plan or qualified
13 transportation fringe benefit plan by the employer at the election of the
14 employee and that is not includable in the taxable income of the employee
15 by reason of 26 U.S.C. 125 or 132(f)(4), as in effect on December 31, [2017]
16 **2018**.

17 (D) Any amount that is contributed to a cash or deferred arrangement by
18 the employer at the election of the employee and that is not included in the
19 taxable income of the employee by reason of 26 U.S.C. 402(e)(3), as in effect
20 on December 31, [2017] **2018**.

21 (E) Retroactive payments described in ORS 238.008.

22 (F) The amount of an employee contribution to the individual account
23 program that is paid by the employer and deducted from the compensation
24 of the employee, as provided under ORS 238A.335 (1) and (2)(a).

25 (G) The amount of an employee contribution to the individual account
26 program that is not paid by the employer under ORS 238A.335.

27 (H) Wages of a deceased member paid to a surviving spouse or dependent
28 children under ORS 652.190.

29 (c) "Salary" does not include the following amounts:

30 (A) Travel or any other expenses incidental to employer's business which
31 is reimbursed by the employer.

1 (B) Payments made on account of an employee's death.

2 (C) Any lump sum payment for accumulated unused sick leave, vacation
3 leave or other paid leave.

4 (D) Any severance payment, accelerated payment of an employment con-
5 tract for a future period or advance against future wages.

6 (E) Any retirement incentive, retirement bonus or retirement gratuitous
7 payment.

8 (F) Payment for a leave of absence after the date the employer and em-
9 ployee have agreed that no future services in a qualifying position will be
10 performed.

11 (G) Payments for instructional services rendered to public universities
12 listed in ORS 352.002 or the Oregon Health and Science University when
13 those services are in excess of full-time employment subject to this chapter.
14 A person employed under a contract for less than 12 months is subject to this
15 subparagraph only for the months covered by the contract.

16 (H) The amount of an employee contribution to the individual account
17 program that is paid by the employer and is not deducted from the compen-
18 sation of the employee, as provided under ORS 238A.335 (1) and (2)(b).

19 (I) Compensation described and authorized under ORS 341.556 that is not
20 paid by the community college employing the faculty member.

21 (J) Compensation described and authorized under ORS 352.232 that is not
22 paid by the public university employing the officer or employee.

23 (K) Compensation described and authorized under ORS 353.270 that is not
24 paid by Oregon Health and Science University.

25 (L) Any amount in excess of \$200,000 for a calendar year. If any period
26 over which salary is determined is less than 12 months, the \$200,000 limita-
27 tion for that period shall be multiplied by a fraction, the numerator of which
28 is the number of months in the determination period and the denominator
29 of which is 12. The board shall adopt rules adjusting this dollar limit to in-
30 corporate cost-of-living adjustments authorized by the Internal Revenue Ser-
31 vice.

1 (18) “System” means the Public Employees Retirement System.

2 (19) “Workers’ compensation benefits” means:

3 (a) Payments made under ORS chapter 656; or

4 (b) Payments provided in lieu of workers’ compensation benefits under
5 ORS 656.027 (6).

6 **SECTION 3.** ORS 238A.125 is amended to read:

7 238A.125. (1) Upon retiring at normal retirement age, a vested pension
8 program member shall be paid an annual pension for the life of the member
9 as follows:

10 (a) For service as a police officer or firefighter, 1.8 percent of final aver-
11 age salary multiplied by the number of years of retirement credit attributable
12 to service as a police officer or firefighter.

13 (b) For service as other than a police officer or firefighter, 1.5 percent
14 of final average salary multiplied by the number of years of retirement credit
15 attributable to service as other than a police officer or firefighter.

16 (2) Notwithstanding any provision of ORS 238A.100 to 238A.250, the an-
17 nual benefit payable to a member under the pension program and under any
18 other tax-qualified defined benefit plan maintained by the participating pub-
19 lic employer may not exceed the applicable limitations set forth in 26 U.S.C.
20 415(b), as in effect on December 31, [2017] **2018**. The Public Employees Re-
21 tirement Board shall adopt rules for the administration of this limitation,
22 including adjustments in the annual dollar limitation to reflect cost-of-living
23 adjustments authorized by the Internal Revenue Service.

24 (3) The board shall make no actuarial adjustment in a member’s pension
25 calculated under this section by reason of the member’s retirement after
26 normal retirement age.

27 **SECTION 4.** ORS 238A.150 is amended to read:

28 238A.150. (1) Notwithstanding any other provision of ORS 238A.100 to
29 238A.250, an eligible employee who leaves a qualifying position for the pur-
30 pose of performing service in the uniformed services, and who subsequently
31 returns to employment with a participating public employer with reemploy-

1 ment rights under federal law, is entitled to accrue retirement credit, credit
2 toward the probationary period required by ORS 238A.100 and credit toward
3 the vesting requirements of ORS 238A.115 under rules adopted by the Public
4 Employees Retirement Board pursuant to subsection (2) of this section.

5 (2) The board shall adopt rules establishing benefits and service credit for
6 any period of service in the uniformed services by an employee described in
7 subsection (1) of this section. For the purpose of adopting rules under this
8 subsection, the board shall consider and take into account all federal law
9 relating to benefits and service credit for any period of service in the uni-
10 formed services, including 26 U.S.C. 414(u), as in effect on December 31,
11 [2017] **2018**. Benefits and service credit under rules adopted by the board
12 pursuant to this subsection may not exceed benefits and service credit re-
13 quired under federal law for periods of service in the uniformed services.

14 **SECTION 5.** ORS 238A.170 is amended to read:

15 238A.170. (1) An active member of the pension program who is 70-1/2 years
16 of age or older must retire not later than April 1 of the calendar year fol-
17 lowing the calendar year in which the member terminates employment with
18 all participating public employers. An inactive member of the pension pro-
19 gram must retire not later than April 1 of the calendar year following the
20 calendar year in which the member attains 70-1/2 years of age.

21 (2) Notwithstanding any other provision of ORS 238A.100 to 238A.250, the
22 entire interest of a member of the pension program must be distributed over
23 a time period commencing no later than the required beginning date set forth
24 in subsection (1) of this section, and must be distributed in a manner that
25 satisfies all other minimum distribution requirements of 26 U.S.C. 401(a)(9)
26 and regulations implementing that section, as in effect on December 31,
27 [2017] **2018**. The Public Employees Retirement Board shall adopt rules im-
28 plementing those minimum distribution requirements.

29 **SECTION 6.** ORS 238A.230 is amended to read:

30 238A.230. (1) If a member of the pension program who is vested dies before
31 the member's effective date of retirement, the Public Employees Retirement

1 Board shall pay the death benefit provided for in this section to:

2 (a) The spouse of the member to the extent not provided to a former
3 spouse in accordance with a judgment or order under ORS 238.465;

4 (b) The former spouse of the member as provided in a judgment or order
5 under ORS 238.465; or

6 (c) Any other person who is constitutionally required to be treated in the
7 same manner as a spouse for the purpose of retirement benefits.

8 (2)(a) The death benefit to be paid under this section shall be for the life
9 of the spouse, former spouse or other person who is constitutionally required
10 to be treated in the same manner as a spouse, and shall be the actuarial
11 equivalent of 50 percent of the pension that would otherwise have been paid
12 to the deceased member.

13 (b) For the purpose of paragraph (a) of this subsection, the amount of the
14 pension that would otherwise have been paid to the deceased member shall
15 be calculated:

16 (A) As of the date of death if the member dies after the earliest retirement
17 date for the member under ORS 238A.165; or

18 (B) As if the member became an inactive member on the date of death and
19 thereafter retired at the earliest retirement date if the member dies before
20 the earliest retirement date for the member under ORS 238A.165.

21 (3) The death benefit provided under this section is first effective on the
22 first day of the month following the date of death of the member. The sur-
23 viving spouse, former spouse or other person entitled to the death benefit
24 may elect to delay payment of the death benefit, but payment must commence
25 no later than December 31 of the calendar year in which the member would
26 have reached 70-1/2 years of age.

27 (4) Notwithstanding any other provision of ORS 238A.100 to 238A.250,
28 distributions of death benefits under the pension program must comply with
29 the minimum distribution requirements of 26 U.S.C. 401(a)(9) and the regu-
30 lations implementing that section, as in effect on December 31, [2017] **2018**.
31 The board shall adopt rules implementing those minimum distribution re-

1 quirements.

2 **SECTION 7.** ORS 238A.370 is amended to read:

3 238A.370. Notwithstanding any other provision of ORS 238A.300 to
4 238A.415, the annual addition to the employee and employer accounts of a
5 member of the individual account program for a calendar year, together with
6 the annual additions to the accounts of the member under any other defined
7 contribution plan maintained by the participating public employer for a cal-
8 endar year, may not exceed the lesser of \$40,000, or 100 percent of the
9 member's compensation for that calendar year. For purposes of this section,
10 "annual addition" has the meaning given that term in 26 U.S.C. 415(c)(2),
11 as in effect on December 31, [2017] **2018**, and "compensation" has the meaning
12 given the term "participant's compensation" in 26 U.S.C. 415(c)(3), as in ef-
13 fect on December 31, [2017] **2018**. The Public Employees Retirement Board
14 shall adopt rules for the administration of this limitation, including adjust-
15 ments in the annual dollar limitation to reflect cost-of-living adjustments
16 authorized by the Internal Revenue Service.

17 **SECTION 8.** ORS 238A.400 is amended to read:

18 238A.400. (1) Upon retirement on or after the earliest retirement date, as
19 described in ORS 238A.165, a member of the individual account program shall
20 receive in a lump sum the amounts in the member's employee account,
21 rollover account and employer account to the extent the member is vested
22 in those accounts under ORS 238A.320.

23 (2) In lieu of a lump sum payment under subsection (1) of this section, a
24 member of the individual account program may elect to receive the amounts
25 in the member's employee account and employer account, to the extent the
26 member is vested in those accounts under ORS 238A.320, in substantially
27 equal installments paid over a period of 5, 10, 15 or 20 years, or over a period
28 that is equal to the anticipated life span of the member as actuarially de-
29 termined by the Public Employees Retirement Board. Installments may be
30 made on a monthly, quarterly or annual basis. In no event may the period
31 selected by the member exceed the time allowed by the minimum distribution

1 requirements described in subsection (5) of this section. The board shall by
2 rule establish the manner in which installments will be adjusted to reflect
3 investment gains and losses on the unpaid balance during the payout period
4 elected by the member under this subsection. The board by rule may estab-
5 lish minimum monthly amounts payable under this subsection. The board
6 may require that a lump sum payment, or an installment schedule different
7 than the schedules provided for in this subsection, be used to pay the vested
8 amounts in the member's accounts if those amounts are not adequate to
9 generate the minimum monthly amounts specified by the rule.

10 (3) A member of the individual account program electing to receive in-
11 stallments under subsection (2) of this section must designate a beneficiary
12 or beneficiaries. In the event the member dies before all amounts in the
13 employee and vested employer accounts are paid, all remaining installment
14 payments shall be made to the beneficiary or beneficiaries designated by the
15 member. A beneficiary may elect to receive a lump sum distribution of the
16 remaining amounts.

17 (4) A member who is entitled to receive retirement benefits under ORS
18 chapter 238 may receive vested amounts in the member's employee account,
19 rollover account and employer account in the manner provided by this sec-
20 tion when the member retires for service under the provisions of ORS chap-
21 ter 238.

22 (5) Notwithstanding any other provision of ORS 238A.300 to 238A.415, the
23 entire interest of a member of the individual account program must be dis-
24 tributed over a time period commencing no later than the latest retirement
25 date set forth in ORS 238A.170, and must be distributed in a manner that
26 satisfies all other minimum distribution requirements of 26 U.S.C. 401(a)(9)
27 and regulations implementing that section, as in effect on December 31,
28 [2017] **2018**. The board shall adopt rules implementing those minimum dis-
29 tribution requirements.

30 **SECTION 9.** ORS 238A.410 is amended to read:

31 238A.410. (1) If a member of the individual account program dies before

1 retirement, the amounts in the member's employee account, rollover account
 2 and employer account, to the extent the member is vested in those accounts
 3 under ORS 238A.320, shall be paid in a lump sum to the beneficiary or ben-
 4 eficiaries designated by the member for the purposes of this section.

5 (2) If a member of the individual account program is married at the time
 6 of death, or there exists at the time of death any other person who is con-
 7 stitutionally required to be treated in the same manner as a spouse for the
 8 purpose of retirement benefits, the spouse or other person shall be the ben-
 9 eficiary for purposes of the death benefit payable under this section unless
 10 the spouse or other person consents to the designation of a different benefi-
 11 ciary or beneficiaries before the designation has been made and the consent
 12 has not been revoked by the spouse or other person as of the time of the
 13 member's death. Consent and revocation of consent must be in writing, ac-
 14 knowledged by a notary public, and submitted to the Public Employees Re-
 15 tirement Board in accordance with rules adopted by the board. If the
 16 member's spouse is designated as the member's beneficiary and the marriage
 17 of the member and spouse is subsequently dissolved, the former spouse shall
 18 be treated as predeceasing the member for purposes of this section, unless
 19 the member expressly designates the former spouse as beneficiary after the
 20 effective date of the dissolution or the former spouse is required to be des-
 21 ignated as a beneficiary under the provisions of ORS 238.465.

22 (3) For purposes of this section and ORS 238A.400 (3), if a member fails
 23 to designate a beneficiary, or if the person or persons designated do not
 24 survive the member, the death benefit provided for in this section shall be
 25 paid to the following person or persons, in the following order of priority:

- 26 (a) The member's surviving spouse or other person who is constitutionally
 27 required to be treated in the same manner as a spouse;
- 28 (b) The member's surviving children, in equal shares; or
- 29 (c) The member's estate.

30 (4) The entire amount of a deceased member's vested accounts must be
 31 distributed by December 31 of the fifth calendar year after the year in which

1 the member died. Notwithstanding any other provision of this chapter, dis-
2 tributions of death benefits under the individual account program must
3 comply with the minimum distribution requirements of 26 U.S.C. 401(a)(9)
4 and the regulations implementing that section, as in effect on December 31,
5 [2017] **2018**. The Public Employees Retirement Board shall adopt rules im-
6 plementing those minimum distribution requirements.

7 **SECTION 10.** ORS 238A.415 is amended to read:

8 238A.415. (1) Notwithstanding any other provision of ORS 238A.300 to
9 238A.415, an eligible employee who leaves a qualifying position for the pur-
10 pose of performing service in the uniformed services, and who subsequently
11 returns to employment with a participating public employer with reemploy-
12 ment rights under federal law, is entitled to credit toward the probationary
13 period required by ORS 238A.300, credit toward the vesting requirements of
14 ORS 238A.320 and contributions under rules adopted by the Public Employ-
15 ees Retirement Board pursuant to subsection (2) of this section.

16 (2) The board shall adopt rules establishing contributions and service
17 credit for any period of service in the uniformed services by an employee
18 described in subsection (1) of this section. For the purpose of adopting rules
19 under this subsection, the board shall consider and take into account all
20 federal law relating to benefits and service credit for any period of service
21 in the uniformed services, including 26 U.S.C. 414(u), as in effect on Decem-
22 ber 31, [2017] **2018**. Contributions and service credit under rules adopted by
23 the board pursuant to this subsection may not exceed contributions and
24 service credit required under federal law for periods of service in the uni-
25 formed services.

26 **SECTION 11.** ORS 238A.430 is amended to read:

27 238A.430. (1) To the extent required by law, and except as otherwise pro-
28 vided by rules adopted by the Public Employees Retirement Board under
29 subsection (4) of this section, any portion of a distribution of benefits de-
30 scribed in subsection (2) of this section shall, at the election of and in lieu
31 of distribution to the distributee, be paid directly to an eligible retirement

1 plan specified by the distributee.

2 (2) The provisions of subsection (1) of this section apply to a distribution
3 of any benefit under the pension program or the individual account program
4 except:

5 (a) A distribution that is one of a series of substantially equal periodic
6 payments made at least annually for the life or life expectancy of the
7 distributee, or for the joint lives or life expectancies of the distributee and
8 a designated beneficiary;

9 (b) A distribution that is one of a series of substantially equal periodic
10 payments made at least annually for a specified period of 10 years or more;
11 and

12 (c) A distribution to the extent that the distribution is required under 26
13 U.S.C. 401(a)(9).

14 (3) The provisions of subsection (1) of this section apply to any portion
15 of a distribution of benefits under the pension program or the individual
16 account program even though the portion consists of after-tax employee
17 contributions that are not includable in gross income. Any portion of a dis-
18 tribution that consists of after-tax employee contributions that are not
19 includable in gross income may be transferred only to an individual retire-
20 ment account or annuity described in 26 U.S.C. 408(a) or (b), or to a quali-
21 fied defined contribution or defined benefit plan described in 26 U.S.C. 401(a)
22 or 403(b) that agrees to account separately for amounts transferred, including
23 accounting separately for the portion of the distribution that is includable
24 in gross income and the portion of the distribution that is not includable in
25 gross income. The amount transferred shall be treated as consisting first of
26 the portion of the distribution that is includable in gross income, determined
27 without regard to 26 U.S.C. 402(c)(1).

28 (4) The board shall adopt rules implementing the direct rollover require-
29 ments of 26 U.S.C. 401(a)(31) and the regulations implementing that section,
30 and may adopt administrative exceptions to the direct rollover requirements
31 to the extent permitted by 26 U.S.C. 401(a)(31) and the regulations imple-

1 menting that section.

2 (5) All references in this section to federal laws and regulations are to
3 the laws and regulations in effect on December 31, [2017] **2018**.

4 (6) For purposes of this section:

5 (a) “Distributee” means a member, a member’s surviving spouse or a
6 member’s alternate payee under ORS 238.465.

7 (b) “Eligible retirement plan” means:

8 (A) An individual retirement account described in 26 U.S.C. 408(a);

9 (B) An individual retirement annuity described in 26 U.S.C. 408(b), other
10 than an endowment contract;

11 (C) A qualified trust under 26 U.S.C. 401(a), that is a defined contribution
12 or defined benefit plan and permits the acceptance of rollover contributions;

13 (D) An annuity plan described in 26 U.S.C. 403(a);

14 (E) An eligible deferred compensation plan described in 26 U.S.C. 457(b)
15 that is maintained by an eligible governmental employer described in 26
16 U.S.C. 457(e)(1)(A) and that agrees to account separately for amounts trans-
17 ferred into such plan from the distributing plan; or

18 (F) An annuity contract described in 26 U.S.C. 403(b).

19 **SECTION 12.** ORS 238A.435 is amended to read:

20 238A.435. (1) If a benefit is payable under this chapter to a beneficiary
21 by reason of the death of a member of the system, the beneficiary may elect
22 to have all or part of the distribution of the death benefit paid in an eligible
23 rollover distribution to an individual retirement plan described in 26 U.S.C.
24 408(a), or an individual retirement annuity, other than an endowment con-
25 tract, described in 26 U.S.C. 408(b), if the plan or annuity is established for
26 the purpose of receiving the eligible rollover distribution on behalf of the
27 designated beneficiary.

28 (2) Subsection (1) of this section applies to an eligible rollover distrib-
29 ution of death benefits to a beneficiary who is not treated as the spouse of
30 the decedent for federal tax purposes and who is the decedent’s designated
31 beneficiary for the purposes of the minimum required distribution require-

1 ments of 26 U.S.C. 401(a)(9). To the extent provided by rules of the Public
2 Employees Retirement Board, a trust maintained for the benefit of one or
3 more beneficiaries must be treated by the board in the same manner as a
4 trust that is designated as a beneficiary for the purposes of the minimum
5 required distribution requirements of 26 U.S.C. 401(a)(9).

6 (3) As used in this section, “eligible rollover distribution” has the mean-
7 ing given that term in 26 U.S.C. 402(c)(4), as in effect on December 31,
8 [2017] **2018**.

9 **SECTION 13.** ORS 305.230 is amended to read:

10 305.230. (1) Notwithstanding ORS 9.320:

11 (a) Any person who is qualified to practice law or public accountancy in
12 this state, any person who has been granted active enrollment to practice
13 before the Internal Revenue Service and who is qualified to prepare tax re-
14 turns in this state or any person who is the authorized employee of a tax-
15 payer and is regularly employed by the taxpayer in tax matters may
16 represent the taxpayer before a tax court magistrate or the Department of
17 Revenue in any conference or proceeding with respect to the administration
18 of any tax.

19 (b) Any person who is licensed by the State Board of Tax Practitioners
20 or who is exempt from such licensing requirement as provided for and limited
21 by ORS 673.610 may represent a taxpayer before a tax court magistrate or
22 the department in any conference or proceeding with respect to the admin-
23 istration of any tax on or measured by net income.

24 (c) Any shareholder of an S corporation, as defined in section 1361 of the
25 Internal Revenue Code, as amended and in effect on December 31, [2017]
26 **2018**, may represent the corporation in any proceeding before a tax court
27 magistrate or the department in the same manner as if the shareholder were
28 a partner and the S corporation were a partnership. The S corporation must
29 designate in writing a tax matters shareholder authorized to represent the
30 S corporation.

31 (d) An individual who is licensed as a real estate broker or principal real

1 estate broker under ORS 696.022 or is a state certified appraiser or state li-
2 censed appraiser under ORS 674.310 or is a registered appraiser under ORS
3 308.010 may represent a taxpayer before a tax court magistrate or the de-
4 partment in any conference or proceeding with respect to the administration
5 of any ad valorem property tax.

6 (e) A general partner who has been designated by members of a partner-
7 ship as their tax matters partner under ORS 305.242 may represent those
8 partners in any conference or proceeding with respect to the administration
9 of any tax on or measured by net income.

10 (f) Any person authorized under rules adopted by the department may
11 represent a taxpayer before the department in any conference or proceeding
12 with respect to any tax. Rules adopted under this paragraph, to the extent
13 feasible, shall be consistent with federal law that governs representation
14 before the Internal Revenue Service, as federal law is amended and in effect
15 on December 31, [2017] **2018**.

16 (g) Any person authorized under rules adopted by the tax court may rep-
17 resent a taxpayer in a proceeding before a tax court magistrate.

18 (2) A person may not be recognized as representing a taxpayer pursuant
19 to this section unless there is first filed with the magistrate or department
20 a written authorization, or unless it appears to the satisfaction of the
21 magistrate or department that the representative does in fact have authority
22 to represent the taxpayer. A person recognized as an authorized represen-
23 tative under rules or procedures adopted by the tax court shall be considered
24 an authorized representative by the department.

25 (3) A taxpayer represented by someone other than an attorney is bound
26 by all things done by the authorized representative, and may not thereafter
27 claim any proceeding was legally defective because the taxpayer was not
28 represented by an attorney.

29 (4) Prior to the holding of a conference or proceeding before the tax court
30 magistrate or department, written notice shall be given by the magistrate
31 or department to the taxpayer of the provisions of subsection (3) of this

1 section.

2 **SECTION 14.** ORS 305.494 is amended to read:

3 305.494. Notwithstanding ORS 9.320, any shareholder of an S corporation
4 as defined in section 1361 of the Internal Revenue Code, as amended and in
5 effect on December 31, [2017] **2018**, may represent the corporation in any
6 proceeding before the Oregon Tax Court in the same manner as if the
7 shareholder were a partner and the S corporation were a partnership.

8 **SECTION 15.** ORS 305.690 is amended to read:

9 305.690. As used in ORS 305.690 to 305.753, unless the context otherwise
10 requires:

11 (1) "Biennial years" means the two income tax years of individual tax-
12 payers that begin in the two calendar years immediately following the cal-
13 endar year in which a list is certified under ORS 305.715.

14 (2) "Commission" means the Oregon Charitable Checkoff Commission.

15 (3) "Department" means the Department of Revenue.

16 (4) "Eligibility roster" means a list, prepared under ORS 305.715 and
17 maintained by the commission in chronological order based on the date of
18 form listing or date of eligibility determination, whichever is later, of char-
19 itable and governmental entities seeking inclusion on the Oregon individual
20 income tax return forms.

21 (5) "Form listed" or "form listing" means being listed on the Oregon in-
22 dividual income tax return form.

23 (6) "Instruction listing" means being listed on the Department of Revenue
24 instructions for tax return checkoff contribution.

25 (7) "Internal Revenue Code" means the federal Internal Revenue Code as
26 amended and in effect on December 31, [2017] **2018**.

27 **SECTION 16.** ORS 305.842 is amended to read:

28 305.842. (1) As used in ORS 307.130, 307.147, 308A.450, 310.140 and 310.800,
29 "Internal Revenue Code" means the federal Internal Revenue Code as
30 amended and in effect on December 31, [2017] **2018**.

31 (2) As used in ORS 311.666, "Internal Revenue Code" means the federal

1 Internal Revenue Code as amended and in effect on December 31, [2017]
2 **2018**, including amendments that take effect after that date.

3 **SECTION 17.** ORS 314.011 is amended to read:

4 314.011. (1) As used in this chapter, unless the context requires otherwise,
5 “department” means the Department of Revenue.

6 (2) As used in this chapter:

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

11 (b) Except where the Legislative Assembly has provided otherwise, a ref-
12 erence to the laws of the United States or to the Internal Revenue Code re-
13 fers to the laws of the United States or to the Internal Revenue Code as they
14 are amended and in effect[:]

15 [(A)] on December 31, [2017; or] **2018**.

16 [(B) *If related to the definition of taxable income, as applicable to the tax*
17 *year of the taxpayer.*]

18 (c) With respect to ORS 314.105, 314.256 (relating to proxy tax on lobbying
19 expenditures), 314.260 (1)(b), 314.265 (1)(b), 314.302, 314.306, 314.330, 314.360,
20 314.362, 314.385, 314.402, 314.410, 314.412, 314.525, 314.742 (7), 314.750 and
21 314.752 and other provisions of this chapter, except those described in para-
22 graph (b) of this subsection, any reference to the laws of the United States
23 or to the Internal Revenue Code means the laws of the United States relating
24 to income taxes or the Internal Revenue Code as they are amended on or
25 before December 31, [2017] **2018**, even when the amendments take effect or
26 become operative after that date, except where the Legislative Assembly has
27 specifically provided otherwise.

28 (3) Insofar as is practicable in the administration of this chapter, the de-
29 partment shall apply and follow the administrative and judicial interpreta-
30 tions of the federal income tax law. When a provision of the federal income
31 tax law is the subject of conflicting opinions by two or more federal courts,

1 the department shall follow the rule observed by the United States Commis-
2 sioner of Internal Revenue until the conflict is resolved. Nothing contained
3 in this section limits the right or duty of the department to audit the return
4 of any taxpayer or to determine any fact relating to the tax liability of any
5 taxpayer.

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

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

26 (b) As used in this subsection, "Act or Title" includes any subtitle, divi-
27 sion or other part of an Act or Title.

28 **SECTION 18.** ORS 314.306 is amended to read:

29 314.306. (1) If a taxpayer excludes an amount from federal gross income
30 by reason of the discharge of indebtedness of the taxpayer under section
31 108(a)(1)(A) of the Internal Revenue Code (relating to discharge of indebt-

1 edness in a bankruptcy declared under U.S.C. Title 11), then, with respect
2 to that portion of the excluded amount that is apportioned to Oregon, the
3 taxpayer shall apply the rules in 11 U.S.C. 346(j), as amended and in effect
4 on December 31, [2017] **2018**.

5 (2) If a taxpayer excludes an amount from federal gross income by reason
6 of the discharge of indebtedness of the taxpayer under section 108(a)(1)(B)
7 or (C) of the Internal Revenue Code (relating to discharge of indebtedness
8 in insolvency or discharge of qualified farm indebtedness), then, with respect
9 to that portion of the excluded amount that is apportioned to Oregon, the
10 following paragraphs shall apply, in the following order:

11 (a) If the taxpayer has made the election under section 108(b)(5) of the
12 Internal Revenue Code to first reduce the basis of the depreciable property
13 of the taxpayer, the election shall also be effective for Oregon tax purposes.
14 A corresponding reduction in the basis of the depreciable property of the
15 taxpayer shall be made for Oregon tax purposes.

16 (b) The amount, if any, by which the following attributes are reduced
17 under section 108(b)(1) of the Internal Revenue Code for federal tax purposes
18 shall be added back for Oregon tax purposes:

19 (A) Federal net operating loss.

20 (B) Capital loss carryover.

21 (C) Basis of the property of the taxpayer, excluding amounts subject to
22 the election under section 108(b)(5) of the Internal Revenue Code.

23 (D) Passive activity loss carryover.

24 (c) Excluding amounts subject to the election in section 108(b)(5) of the
25 Internal Revenue Code:

26 (A) Any Oregon net operating loss of an individual or corporate taxpayer,
27 including a net operating loss carryover to the taxpayer, shall be reduced
28 by the amount of discharged indebtedness.

29 (B) Any net capital loss for the taxable year of the discharge, and any
30 capital loss carryover to the taxable year, shall be reduced by the amount
31 of discharged indebtedness minus the total amount taken into account under

1 subparagraph (A) of this paragraph.

2 (C) The basis of the property of the taxpayer shall be reduced by the
3 amount of discharged indebtedness minus the total amount taken into ac-
4 count under subparagraphs (A) and (B) of this paragraph.

5 (D) The passive activity loss carryover under section 469(b) of the Inter-
6 nal Revenue Code from the taxable year of the discharge shall be reduced
7 by the amount of discharged indebtedness minus the total amount taken into
8 account under subparagraphs (A), (B) and (C) of this paragraph.

9 **SECTION 19.** ORS 315.004 is amended to read:

10 315.004. (1) Except when the context requires otherwise, the definitions
11 contained in ORS chapters 314, 316, 317 and 318 are applicable in the con-
12 struction, interpretation and application of the personal and corporate in-
13 come and excise tax credits contained in this chapter.

14 (2)(a) For purposes of the tax credits contained in this chapter, any term
15 has the same meaning as when used in a comparable context in the laws of
16 the United States relating to federal income taxes, unless a different meaning
17 is clearly required or the term is specifically defined for purposes of con-
18 struing, interpreting and applying the credit.

19 (b) With respect to the tax credits contained in this chapter, any refer-
20 ence to the laws of the United States or to the Internal Revenue Code means
21 the laws of the United States relating to income taxes or the Internal Rev-
22 enue Code as they are amended on or before December 31, [2017] **2018**, even
23 when the amendments take effect or become operative after that date.

24 (3) Insofar as is practicable in the administration of this chapter, the
25 Department of Revenue shall apply and follow the administrative and judi-
26 cial interpretations of the federal income tax law. When a provision of the
27 federal income tax law is the subject of conflicting opinions by two or more
28 federal courts, the department shall follow the rule observed by the United
29 States Commissioner of Internal Revenue until the conflict is resolved.
30 Nothing contained in this section limits the right or duty of the department
31 to audit the return of any taxpayer or to determine any fact relating to the

1 tax liability of any taxpayer.

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

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

22 (b) As used in this subsection, "Act or Title" includes any subtitle, divi-
23 sion or other part of an Act or Title.

24 **SECTION 20.** ORS 316.012 is amended to read:

25 316.012. Any term used in this chapter has the same meaning as when
26 used in a comparable context in the laws of the United States relating to
27 federal income taxes, unless a different meaning is clearly required or the
28 term is specifically defined in this chapter. Except where the Legislative
29 Assembly has provided otherwise, any reference in this chapter to the laws
30 of the United States or to the Internal Revenue Code refers to the laws of
31 the United States or to the Internal Revenue Code as they are amended and

1 in effect[:]

2 [(1)] on December 31, [2017; or] **2018**.

3 [(2) *If related to the definition of taxable income, as applicable to the tax*
4 *year of the taxpayer.*]

5 **SECTION 21.** ORS 316.013 is amended to read:

6 316.013. Unless the context requires otherwise and notwithstanding ORS
7 316.012, whenever, in the calculation of Oregon taxable income, reference to
8 the taxpayer's federal adjusted gross income is required to be made, the
9 taxpayer's federal adjusted gross income shall be as determined under the
10 provisions of the Internal Revenue Code as they may be in effect [*for the tax*
11 *year of the taxpayer*] **on December 31, 2018**, without any of the additions,
12 subtractions or other modifications or adjustments required under this
13 chapter and other laws of this state applicable to personal income taxation.

14 **SECTION 22.** ORS 316.147 is amended to read:

15 316.147. As used in ORS 316.147 to 316.149, unless the context requires
16 otherwise:

17 (1) "Eligible taxpayer" includes any individual who must pay taxes oth-
18 erwise imposed by this chapter and:

19 (a) Who pays or incurs expenses for the care of a qualified individual,
20 through a payment method determined by rule of the Department of Revenue;
21 and

22 (b) Who has a household income, for the taxable year, not to exceed the
23 maximum amount of household income allowed in ORS 310.640 (1989 Edition)
24 for a homeowner or renter refund.

25 (2) "Household income" means the aggregate income of the eligible tax-
26 payer and the spouse of the taxpayer who reside in the household, that was
27 received during a calendar year. "Household income" includes payments re-
28 ceived by the eligible taxpayer or the spouse of the taxpayer under the fed-
29 eral Social Security Act for the benefit of a minor child or minor children
30 who reside in the household.

31 (3) "Income" means "adjusted gross income" as defined in the federal

1 Internal Revenue Code, as amended and in effect on December 31, [2017]
2 **2018**, even when the amendments take effect or become operative after that
3 date, relating to the measurement of taxable income of individuals, estates
4 and trusts, with the following modifications:

5 (a) There shall be added to adjusted gross income the following items of
6 otherwise exempt income:

7 (A) The gross amount of any otherwise exempt pension less return of in-
8 vestment, if any.

9 (B) Child support received by the taxpayer.

10 (C) Inheritances.

11 (D) Gifts and grants, the sum of which are in excess of \$500 per year.

12 (E) Amounts received by a taxpayer or spouse of a taxpayer for support
13 from a parent who is not a member of the taxpayer's household.

14 (F) Life insurance proceeds.

15 (G) Accident and health insurance proceeds, except reimbursement of in-
16 curred medical expenses.

17 (H) Personal injury damages.

18 (I) Sick pay that is not included in federal adjusted gross income.

19 (J) Strike benefits excluded from federal gross income.

20 (K) Worker's compensation, except for reimbursement of medical expense.

21 (L) Military pay and benefits.

22 (M) Veteran's benefits.

23 (N) Payments received under the federal Social Security Act that are ex-
24 cluded from federal gross income.

25 (O) Welfare payments, except as follows:

26 (i) Payments for medical care, drugs and medical supplies, if the payments
27 are not made directly to the welfare recipient;

28 (ii) In-home services authorized and approved by the Department of Hu-
29 man Services; and

30 (iii) Direct or indirect reimbursement of expenses paid or incurred for
31 participation in work or training programs.

1 (P) Nontaxable dividends.

2 (Q) Nontaxable interest not included in federal adjusted gross income.

3 (R) Rental allowance paid to a minister that is excluded from federal
4 gross income.

5 (S) Income from sources without the United States that is excluded from
6 federal gross income.

7 (b) Adjusted gross income shall be increased due to the disallowance of
8 the following deductions:

9 (A) The amount of the net loss, in excess of \$1,000, from all dispositions
10 of tangible or intangible properties.

11 (B) The amount of the net loss, in excess of \$1,000, from the operation of
12 a farm or farms.

13 (C) The amount of the net loss, in excess of \$1,000, from all operations
14 of a trade or business, profession or other activity entered into for the pro-
15 duction or collection of income.

16 (D) The amount of the net loss, in excess of \$1,000, from tangible or in-
17 tangible property held for the production of rents, royalties or other income.

18 (E) The amount of any net operating loss carryovers or carrybacks in-
19 cluded in federal adjusted gross income.

20 (F) The amount, in excess of \$5,000, of the combined deductions or other
21 allowances for depreciation, amortization or depletion.

22 (G) The amount added or subtracted, as required within the context of
23 this section, for adjustments made under ORS 316.680 (2)(d) and 316.707 to
24 316.737.

25 (c) "Income" does not include the following:

26 (A) Any governmental grant that must be used by the taxpayer for reha-
27 bilitation of the homestead of the taxpayer.

28 (B) Any refund of Oregon personal income taxes that were imposed under
29 this chapter.

30 (4) "Qualified individual" includes an individual at least 60 years of age
31 on the date that the expenses described in subsection (1)(a) of this section

1 are paid or incurred by the eligible taxpayer:

2 (a) Whose household income does not exceed \$7,500 for the calendar year
3 in which the taxable year of the taxpayer begins;

4 (b) Who is eligible for authorized services as defined in ORS 410.410 under
5 Oregon Project Independence;

6 (c) Who is certified by the Department of Human Services; and

7 (d) Whose care or any portion thereof is not paid for under ORS chapter
8 414.

9 **SECTION 23.** ORS 316.157 is amended to read:

10 316.157. (1) In the case of an eligible individual, there shall be allowed
11 as a credit against the taxes otherwise due under this chapter for the taxable
12 year an amount equal to the lesser of the tax liability of the taxpayer or nine
13 percent of net pension income.

14 (2) For purposes of this section:

15 (a) "Eligible individual" means any individual who is receiving pension
16 income and who has attained 62 years of age before the close of the taxable
17 year.

18 (b) "Household income" means the aggregate income of the taxpayer and
19 the spouse of the taxpayer who reside in the household, that was received
20 during the taxable year for which a credit is claimed, except that "household
21 income" does not include Social Security benefits received by the taxpayer
22 or the spouse of the taxpayer.

23 (c) "Income" means "adjusted gross income" as defined in the federal
24 Internal Revenue Code, as amended and in effect on December 31, [2017]
25 **2018**, even when the amendments take effect or become operative after that
26 date, relating to the measurement of taxable income of individuals, estates
27 and trusts, with the following modifications:

28 (A) There shall be added to adjusted gross income the following items of
29 otherwise exempt income:

30 (i) The gross amount of any otherwise exempt pension less return of in-
31 vestment, if any.

- 1 (ii) Child support received by the taxpayer.
- 2 (iii) Inheritances.
- 3 (iv) Gifts and grants, the sum of which are in excess of \$500 per year.
- 4 (v) Amounts received by a taxpayer or spouse of a taxpayer for support
5 from a parent who is not a member of the taxpayer's household.
- 6 (vi) Life insurance proceeds.
- 7 (vii) Accident and health insurance proceeds, except reimbursement of
8 incurred medical expenses.
- 9 (viii) Personal injury damages.
- 10 (ix) Sick pay that is not included in federal adjusted gross income.
- 11 (x) Strike benefits excluded from federal gross income.
- 12 (xi) Worker's compensation, except for reimbursement of medical expense.
- 13 (xii) Military pay and benefits.
- 14 (xiii) Veteran's benefits.
- 15 (xiv) Payments received under the federal Social Security Act that are
16 excluded from federal gross income.
- 17 (xv) Welfare payments, except as follows:
 - 18 (I) Payments for medical care, drugs and medical supplies, if the payments
19 are not made directly to the welfare recipient;
 - 20 (II) In-home services authorized and approved by the Department of Hu-
21 man Services; and
 - 22 (III) Direct or indirect reimbursement of expenses paid or incurred for
23 participation in work or training programs.
- 24 (xvi) Nontaxable dividends.
- 25 (xvii) Nontaxable interest not included in federal adjusted gross income.
- 26 (xviii) Rental allowance paid to a minister that is excluded from federal
27 gross income.
- 28 (xix) Income from sources without the United States that is excluded from
29 federal gross income.
- 30 (B) Adjusted gross income shall be increased due to the disallowance of
31 the following deductions:

1 (i) The amount of the net loss, in excess of \$1,000, from all dispositions
2 of tangible or intangible properties.

3 (ii) The amount of the net loss, in excess of \$1,000, from the operation of
4 a farm or farms.

5 (iii) The amount of the net loss, in excess of \$1,000, from all operations
6 of a trade or business, profession or other activity entered into for the pro-
7 duction or collection of income.

8 (iv) The amount of the net loss, in excess of \$1,000, from tangible or in-
9 tangible property held for the production of rents, royalties or other income.

10 (v) The amount of any net operating loss carryovers or carrybacks in-
11 cluded in federal adjusted gross income.

12 (vi) The amount, in excess of \$5,000, of the combined deductions or other
13 allowances for depreciation, amortization or depletion.

14 (vii) The amount added or subtracted, as required within the context of
15 this section, for adjustments made under ORS 316.680 (2)(d) and 316.707 to
16 316.737.

17 (C) "Income" does not include the following:

18 (i) Any governmental grant that must be used by the taxpayer for reha-
19 bilitation of the homestead of the taxpayer.

20 (ii) Any refund of Oregon personal income taxes that were imposed under
21 this chapter.

22 (d) "Net pension income" means:

23 (A) For eligible individuals filing a joint return, the lesser of the pension
24 income of the eligible individuals received during the taxable year or the
25 excess, if any, of \$15,000 over the sum of the following amounts:

26 (i) Any Social Security benefits received by the eligible individual, or by
27 the spouse of the individual, during the taxable year; and

28 (ii) The excess, if any, of household income over \$30,000.

29 (B) For an eligible individual filing a return other than a joint return,
30 the lesser of the pension income of the eligible individual received during the
31 taxable year or the excess, if any, of \$7,500 over the sum of the following

1 amounts:

2 (i) Any Social Security benefits received by the eligible individual during
3 the taxable year; and

4 (ii) The excess, if any, of household income over \$15,000.

5 (e) "Pension income" means income included in Oregon taxable income
6 from:

7 (A) Distributions from or pursuant to an employee pension benefit plan,
8 as defined in section 3(2) of the Employee Retirement Income Security Act
9 of 1974, which satisfies the requirements of section 401 of the Internal Rev-
10 enue Code;

11 (B) Distributions from or pursuant to a public retirement system of this
12 state or a political subdivision of this state, or a public retirement system
13 created by an Act of this state or a political subdivision of this state, or the
14 public retirement system of any other state or local government;

15 (C) Distributions from or pursuant to a federal retirement system created
16 by the federal government for any officer or employee of the United States,
17 including any person retired from service in the United States Civil Service,
18 the Armed Forces of the United States or any agency or subdivision thereof;

19 (D) Distributions or withdrawals from or pursuant to an eligible deferred
20 compensation plan which satisfies the requirements of section 457 of the
21 Internal Revenue Code;

22 (E) Distributions or withdrawals from or pursuant to an individual re-
23 tirement account, annuity or trust or simplified employee pension which
24 satisfies the requirements of section 408 of the Internal Revenue Code; and

25 (F) Distributions or withdrawals from or pursuant to an employee annu-
26 ity, including custodial accounts treated as annuities, subject to section 403
27 (a) or (b) of the Internal Revenue Code.

28 (f) "Social Security benefits" means Social Security benefits, as defined
29 in section 86 of the Internal Revenue Code (Title II Social Security or tier
30 1 railroad retirement benefits).

31 (3) If a change in the taxable year of the eligible individual occurs as

1 described in ORS 314.085, or if the Department of Revenue terminates the tax
2 year of the eligible individual under ORS 314.440, the credit allowed by this
3 section shall be prorated or computed in a manner consistent with ORS
4 314.085.

5 (4) If a change in the status of the eligible individual from resident to
6 nonresident or from nonresident to resident occurs, the credit allowed by this
7 section shall be determined in a manner consistent with subsection (1) of this
8 section.

9 **SECTION 24.** ORS 317.010 is amended to read:

10 317.010. As used in this chapter, unless the context requires otherwise:

11 (1) "Centrally assessed corporation" means every corporation the property
12 of which is assessed by the Department of Revenue under ORS 308.505 to
13 308.681.

14 (2) "Department" means the Department of Revenue.

15 (3)(a) "Consolidated federal return" means the return permitted or re-
16 quired to be filed by a group of affiliated corporations under section 1501 of
17 the Internal Revenue Code.

18 (b) "Consolidated state return" means the return required to be filed un-
19 der ORS 317.710 (5).

20 (4) "Doing business" means any transaction or transactions in the course
21 of its activities conducted within the state by a national banking association,
22 or any other corporation; provided, however, that a foreign corporation
23 whose activities in this state are confined to purchases of personal property,
24 and the storage thereof incident to shipment outside the state, shall not be
25 deemed to be doing business unless such foreign corporation is an affiliate
26 of another foreign or domestic corporation which is doing business in
27 Oregon. Whether or not corporations are affiliated shall be determined as
28 provided in section 1504 of the Internal Revenue Code.

29 (5) "Excise tax" means a tax measured by or according to net income
30 imposed upon national banking associations, all other banks, and financial,
31 centrally assessed, mercantile, manufacturing and business corporations for

1 the privilege of carrying on or doing business in this state.

2 (6) “Financial institution” has the meaning given that term in ORS
3 314.610 except that it does not include a credit union as defined in ORS
4 723.006, an interstate credit union as defined in ORS 723.001 or a federal
5 credit union.

6 (7) “Internal Revenue Code,” except where the Legislative Assembly has
7 provided otherwise, refers to the laws of the United States or to the Internal
8 Revenue Code as they are amended and in effect[:]

9 [(a)] on December 31, [2017; or] **2018**.

10 [(b) *If related to the definition of taxable income, as applicable to the tax*
11 *year of the taxpayer.*]

12 (8) “Oregon taxable income” means taxable income, less the deduction
13 allowed under ORS 317.476, except as otherwise provided with respect to
14 insurers in subsection (11) of this section and ORS 317.650 to 317.665.

15 (9) “Oregon net loss” means taxable loss, except as otherwise provided
16 with respect to insurers in subsection (11) of this section and ORS 317.650
17 to 317.665.

18 (10) “Taxable income or loss” means the taxable income or loss deter-
19 mined, or in the case of a corporation for which no federal taxable income
20 or loss is determined, as would be determined, under chapter 1, Subtitle A
21 of the Internal Revenue Code and any other laws of the United States re-
22 lating to the determination of taxable income or loss of corporate taxpayers,
23 with the additions, subtractions, adjustments and other modifications as are
24 specifically prescribed by this chapter except that in determining taxable
25 income or loss for any year, no deduction under ORS 317.476 or 317.478 and
26 section 45b, chapter 293, Oregon Laws 1987, shall be allowed. If the corpo-
27 ration is a corporation to which ORS 314.280 or 314.605 to 314.675 (requiring
28 or permitting apportionment of income from transactions or activities carried
29 on both within and without the state) applies, to derive taxable income or
30 loss, the following shall occur:

31 (a) From the amount otherwise determined under this subsection, subtract

1 nonapportionable income, or add nonapportionable loss, whichever is appli-
 2 cable.

3 (b) Multiply the amount determined under paragraph (a) of this sub-
 4 section by the Oregon apportionment percentage defined under ORS 314.280,
 5 314.650 or 314.667, whichever is applicable. The resulting product shall be
 6 Oregon apportioned income or loss.

7 (c) To the amount determined as Oregon apportioned income or loss under
 8 paragraph (b) of this subsection, add nonapportionable income allocable en-
 9 tirely to Oregon under ORS 314.280 or 314.625 to 314.645, or subtract
 10 nonapportionable loss allocable entirely to Oregon under ORS 314.280 or
 11 314.625 to 314.645. The resulting figure is “taxable income or loss” for those
 12 corporations carrying on taxable transactions or activities both within and
 13 without Oregon.

14 (11) As used in ORS 317.122 and 317.650 to 317.665, “insurer” means any
 15 domestic, foreign or alien insurer as defined in ORS 731.082 and any inter-
 16 insurance and reciprocal exchange and its attorney in fact with respect to
 17 its attorney in fact net income as a corporate attorney in fact acting as at-
 18 torney in compliance with ORS 731.458, 731.462, 731.466 and 731.470 for the
 19 reciprocal or interinsurance exchange. However, “insurer” does not include
 20 title insurers or health care service contractors operating pursuant to ORS
 21 750.005 to 750.095.

22 **SECTION 25.** ORS 317.018 is amended to read:

23 317.018. It is the intent of the Legislative Assembly:

24 (1) To make the Oregon corporate excise tax law, insofar as it relates to
 25 the measurement of taxable income, identical to the provisions of the federal
 26 Internal Revenue Code, as in effect and applicable [*for the tax year of the*
 27 *taxpayer*] **on December 31, 2018**, to the end that taxable income of a corpo-
 28 ration for Oregon purposes is the same as it is for federal income tax pur-
 29 poses, subject to Oregon’s jurisdiction to tax, and subject to the additions,
 30 subtractions, adjustments and modifications contained in this chapter.

31 (2) To achieve the results desired under subsection (1) of this section by

1 application of the various provisions of the federal Internal Revenue Code
2 relating to the definitions for corporations, of income, deductions, accounting
3 methods, accounting periods, taxation of corporations, basis and other perti-
4 nent provisions relating to gross income. It is not the intent of the Legisla-
5 tive Assembly to adopt federal Internal Revenue Code provisions dealing
6 with the computation of tax, tax credits or any other provisions designed to
7 mitigate the amount of tax due.

8 (3) To impose on each corporation doing business within this state an
9 excise tax for the privilege of carrying on or doing that business measured
10 by its federal taxable income as adjusted in this chapter.

11 **SECTION 26.** ORS 317.097, as amended by section 24, chapter 101, Oregon
12 Laws 2018, and section 3, chapter 111, Oregon Laws 2018, is amended to read:

13 317.097. (1) As used in this section:

14 (a) “Annual rate” means the yearly interest rate specified on the note,
15 and not the annual percentage rate, if any, disclosed to the applicant to
16 comply with the federal Truth in Lending Act.

17 (b) “Finance charge” means the total of all interest, loan fees, interest
18 on any loan fees financed by the lending institution, and other charges re-
19 lated to the cost of obtaining credit.

20 (c) “Lending institution” means any insured institution, as that term is
21 defined in ORS 706.008, any mortgage banking company that maintains an
22 office in this state or any community development corporation that is or-
23 ganized under the Oregon Nonprofit Corporation Law.

24 (d) “Manufactured dwelling park” has the meaning given that term in
25 ORS 446.003.

26 (e) “Nonprofit corporation” means a corporation that is exempt from in-
27 come taxes under section 501(c)(3) or (4) of the Internal Revenue Code as
28 amended and in effect on December 31, [2017] **2018**.

29 (f) “Preservation project” means housing that was previously developed
30 as affordable housing with a contract for rent assistance from the United
31 States Department of Housing and Urban Development or the United States

1 Department of Agriculture and that is being acquired by a sponsoring entity.

2 (g) “Qualified assignee” means any investor participating in the secondary
3 market for real estate loans.

4 (h) “Qualified borrower” means any borrower that is a sponsoring entity
5 that has a controlling interest in the real property that is financed by a
6 qualified loan. A controlling interest includes a controlling interest in the
7 general partner of a limited partnership that owns the real property.

8 (i) “Qualified loan” means:

9 (A) A loan that meets the criteria stated in subsection (5) of this section
10 or that is made to refinance a loan that meets the criteria described in sub-
11 section (5) of this section; or

12 (B) The purchase by a lending institution of bonds, as defined in ORS
13 286A.001, issued on behalf of the Housing and Community Services Depart-
14 ment, the proceeds of which are used to finance or refinance a loan that
15 meets the criteria described in subsection (5) of this section.

16 (j) “Sponsoring entity” means a nonprofit corporation, nonprofit cooper-
17 ative, state governmental entity, local unit of government as defined in ORS
18 466.706, housing authority or any other person, provided that the person has
19 agreed to restrictive covenants imposed by a nonprofit corporation, nonprofit
20 cooperative, state governmental entity, local unit of government or housing
21 authority.

22 (2) The Department of Revenue shall allow a credit against taxes other-
23 wise due under this chapter for the taxable year to a lending institution that
24 makes a qualified loan certified by the Housing and Community Services
25 Department as provided in subsection (7) of this section. The amount of the
26 credit is equal to the difference between:

27 (a) The amount of finance charge charged by the lending institution dur-
28 ing the taxable year at an annual rate less than the market rate for a qual-
29 ified loan that is made before January 1, 2026, that complies with the
30 requirements of this section; and

31 (b) The amount of finance charge that would have been charged during

1 the taxable year by the lending institution for the qualified loan for housing
2 construction, development, acquisition or rehabilitation measured at the an-
3 nual rate charged by the lending institution for nonsubsidized loans made
4 under like terms and conditions at the time the qualified loan for housing
5 construction, development, acquisition or rehabilitation is made.

6 (3) The maximum amount of credit for the difference between the amounts
7 described in subsection (2)(a) and (b) of this section may not exceed four
8 percent of the average unpaid balance of the qualified loan during the tax
9 year for which the credit is claimed.

10 (4) Any tax credit allowed under this section that is not used by the
11 taxpayer in a particular year may be carried forward and offset against the
12 taxpayer's tax liability for the next succeeding tax year. Any credit remain-
13 ing unused in the next succeeding tax year may be carried forward and used
14 in the second succeeding tax year, and likewise, any credit not used in that
15 second succeeding tax year may be carried forward and used in the third
16 succeeding tax year, and any credit not used in that third succeeding tax
17 year may be carried forward and used in the fourth succeeding tax year, and
18 any credit not used in that fourth succeeding tax year may be carried for-
19 ward and used in the fifth succeeding tax year, but may not be carried for-
20 ward for any tax year thereafter.

21 (5) To be eligible for the tax credit allowable under this section, a lending
22 institution must make a qualified loan by either purchasing bonds, as defined
23 in ORS 286A.001, issued on behalf of the Housing and Community Services
24 Department, the proceeds of which are used to finance or refinance a loan
25 that meets the criteria stated in this subsection, or by making a loan directly
26 to:

27 (a) An individual or individuals who own a dwelling, participate in an
28 owner-occupied community rehabilitation program and are certified by the
29 local government or its designated agent as having an income level when the
30 loan is made of less than 80 percent of the area median income;

31 (b) A qualified borrower who:

1 (A) Uses the loan proceeds to finance construction, development, acqui-
2 sition or rehabilitation of housing; and

3 (B) Provides a written certification executed by the Housing and Com-
4 munity Services Department that the:

5 (i) Housing created by the loan is or will be occupied by households
6 earning less than 80 percent of the area median income; and

7 (ii) Full amount of savings from the reduced interest rate provided by the
8 lending institution is or will be passed on to the tenants in the form of re-
9 duced housing payments;

10 (c) Subject to subsection (14) of this section, a qualified borrower who:

11 (A) Uses the loan proceeds to finance construction, development, acqui-
12 sition or rehabilitation of housing consisting of a manufactured dwelling
13 park; and

14 (B) Provides a written certification executed by the Housing and Com-
15 munity Services Department that the housing will continue to be operated
16 as a manufactured dwelling park during the period for which the tax credit
17 is allowed; or

18 (d) A qualified borrower who:

19 (A) Uses the loan proceeds to finance acquisition or rehabilitation of
20 housing consisting of a preservation project; and

21 (B) Provides a written certification executed by the Housing and Com-
22 munity Services Department that the housing preserved by the loan:

23 (i) Is or will be occupied by households earning less than 80 percent of
24 the area median income; and

25 (ii) Is the subject of a rent assistance contract with the United States
26 Department of Housing and Urban Development or the United States De-
27 partment of Agriculture that will be maintained by the qualified borrower.

28 (6) A loan made to refinance a loan that meets the criteria stated in
29 subsection (5) of this section must be treated the same as a loan that meets
30 the criteria stated in subsection (5) of this section.

31 (7) For a qualified loan to be eligible for the tax credit allowable under

1 this section, the Housing and Community Services Department must execute
2 a written certification for the qualified loan that:

3 (a) Specifies the period, not to exceed 20 years, as determined by the
4 Housing and Community Services Department, during which the tax credit
5 is allowed for the qualified loan; and

6 (b) States that the qualified loan is within the limitation imposed by
7 subsection (8) of this section.

8 (8) The Housing and Community Services Department may certify quali-
9 fied loans that are eligible under subsection (5) of this section if the total
10 credits attributable to all qualified loans eligible for credits under this sec-
11 tion and then outstanding do not exceed \$25 million for any fiscal year. In
12 making loan certifications under subsection (7) of this section, the Housing
13 and Community Services Department shall attempt to distribute the tax
14 credits statewide, but shall concentrate the tax credits in those areas of the
15 state that are determined by the Oregon Housing Stability Council to have
16 the greatest need for affordable housing.

17 (9) The tax credit provided for in this section may be taken whether or
18 not:

19 (a) The financial institution is eligible to take a federal income tax credit
20 under section 42 of the Internal Revenue Code with respect to the project
21 financed by the qualified loan; or

22 (b) The project receives financing from bonds, the interest on which is
23 exempt from federal taxation under section 103 of the Internal Revenue Code.

24 (10) For a qualified loan defined in subsection (1)(i)(B) of this section fi-
25 nanced through the purchase of bonds, the interest of which is exempt from
26 federal taxation under section 103 of the Internal Revenue Code, the amount
27 of finance charge that would have been charged under subsection (2)(b) of
28 this section is determined by reference to the finance charge that would have
29 been charged if the federally tax exempt bonds had been issued and the tax
30 credit under this section did not apply.

31 (11) A lending institution may sell a qualified loan for which a certifica-

1 tion has been executed to a qualified assignee whether or not the lending
 2 institution retains servicing of the qualified loan so long as a designated
 3 lending institution maintains records, annually verified by a loan servicer,
 4 that establish the amount of tax credit earned by the taxpayer throughout
 5 each year of eligibility.

6 (12) Notwithstanding any other provision of law, a lending institution
 7 that is a community development corporation organized under the Oregon
 8 Nonprofit Corporation Law may transfer all or part of a tax credit allowed
 9 under this section to one or more other lending institutions that are stock-
 10 holders or members of the community development corporation or that oth-
 11 erwise participate through the community development corporation in the
 12 making of one or more qualified loans for which the tax credit under this
 13 section is allowed.

14 (13) The lending institution shall file an annual statement with the
 15 Housing and Community Services Department, specifying that it has con-
 16 formed with all requirements imposed by law to qualify for a tax credit under
 17 this section.

18 (14) Notwithstanding subsection (1)(h) and (j) of this section, a qualified
 19 borrower on a loan to finance the construction, development, acquisition or
 20 rehabilitation of a manufactured dwelling park under subsection (5)(c) of this
 21 section must be:

22 (a) A nonprofit corporation, manufactured dwelling park nonprofit coop-
 23 erative, state governmental entity, local unit of government as defined in
 24 ORS 466.706 or housing authority; or

25 (b) A nonprofit corporation or housing authority that has a controlling
 26 interest in the real property that is financed by a qualified loan. A control-
 27 ling interest includes a controlling interest in the general partner of a lim-
 28 ited partnership that owns the real property.

29 (15) The Housing and Community Services Department and the Depart-
 30 ment of Revenue may adopt rules to carry out the provisions of this section.

31 **SECTION 27.** ORS 458.670 is amended to read:

1 458.670. As used in this section and ORS 458.675 to 458.700, unless the
2 context requires otherwise:

3 (1) "Account holder" means a resident of this state who:

4 (a) Is 12 years of age or older;

5 (b) Is a member of a lower income household; and

6 (c) Has established an individual development account with a fiduciary
7 organization.

8 (2) "Fiduciary organization" means an organization selected under ORS
9 458.695 to administer state moneys directed to individual development ac-
10 counts and that is:

11 (a) A nonprofit, fund raising organization that is exempt from taxation
12 under section 501(c)(3) of the Internal Revenue Code as amended and in ef-
13 fect on December 31, [2017] **2018**; or

14 (b) A federally recognized Oregon Indian tribe that is located, to a sig-
15 nificant degree, within the boundaries of this state.

16 (3) "Financial institution" means:

17 (a) An organization regulated under ORS chapters 706 to 716 or 723; or

18 (b) In the case of individual development accounts established for the
19 purpose described in ORS 458.685 (1)(c), a financial institution as defined in
20 ORS 178.300.

21 (4) "Individual development account" means a contract between an ac-
22 count holder and a fiduciary organization, for the deposit of funds into a fi-
23 nancial institution by the account holder, and the deposit of matching funds
24 into the financial institution by the fiduciary organization, to allow the ac-
25 count holder to accumulate assets for use toward achieving a specific pur-
26 pose approved by the fiduciary organization.

27 (5) "Lower income household" means a household having an income equal
28 to or less than the greater of the following:

29 (a) 80 percent of the median household income for the area as determined
30 by the Housing and Community Services Department. In making the deter-
31 mination, the department shall give consideration to any data on area

1 household income published by the United States Department of Housing and
2 Urban Development.

3 (b) 200 percent of the poverty guidelines as determined by the Housing
4 and Community Services Department. In making the determination, the de-
5 partment shall give consideration to poverty guidelines published by the
6 United States Department of Health and Human Services and may consider
7 other income data periodically published by other federal or Oregon agen-
8 cies.

9 (6) "Resident of this state" has the meaning given that term in ORS
10 316.027.

11 **SECTION 28.** ORS 657.010 is amended to read:

12 657.010. As used in this chapter, unless the context requires otherwise:

13 (1) "Base year" means the first four of the last five completed calendar
14 quarters preceding the benefit year.

15 (2) "Benefits" means the money allowances payable to unemployed per-
16 sons under this chapter.

17 (3) "Benefit year" means a period of 52 consecutive weeks commencing
18 with the first week with respect to which an individual files an initial valid
19 claim for benefits, and thereafter the 52 consecutive weeks period beginning
20 with the first week with respect to which the individual next files an initial
21 valid claim after the termination of the individual's last preceding benefit
22 year except that the benefit year shall be 53 weeks if the filing of an initial
23 valid claim would result in overlapping any quarter of the base year of a
24 previously filed initial valid claim.

25 (4) "Calendar quarter" means the period of three consecutive calendar
26 months ending on March 31, June 30, September 30 or December 31, or the
27 approximate equivalent thereof, as the Director of the Employment Depart-
28 ment may, by regulation, prescribe.

29 (5) "Contribution" or "contributions" means the taxes, as defined in sub-
30 section (13) of this section, that are the money payments required by this
31 chapter, or voluntary payments permitted, to be made to the Unemployment

1 Compensation Trust Fund.

2 (6) "Educational institution," including an institution of higher education
3 as defined in subsection (9) of this section, means an institution:

4 (a) In which participants, trainees or students are offered an organized
5 course of study or training designed to transfer to them knowledge, skills,
6 information, doctrines, attitudes or abilities from, by or under the guidance
7 of an instructor or teacher;

8 (b) That is accredited, registered, approved, licensed or issued a permit
9 to operate as a school by the Department of Education or other government
10 agency, or that offers courses for credit that are transferable to an approved,
11 registered or accredited school;

12 (c) In which the course or courses of study or training that it offers may
13 be academic, technical, trade or preparation for gainful employment in a re-
14 cognized occupation; and

15 (d) In which the course or courses of study or training are offered on a
16 regular and continuing basis.

17 (7) "Employment office" means a free public employment office or branch
18 thereof, operated by this state or maintained as a part of a state-controlled
19 system of public employment offices.

20 (8) "Hospital" means an organization that has been licensed, certified or
21 approved by the Oregon Health Authority as a hospital.

22 (9) "Institution of higher education" means an educational institution
23 that:

24 (a) Admits as regular students only individuals having a certificate of
25 graduation from a high school, or the recognized equivalent of such a cer-
26 tificate;

27 (b) Is legally authorized in this state to provide a program of education
28 beyond high school;

29 (c) Provides an educational program for which it awards a bachelor's or
30 higher degree, or provides a program that is acceptable for full credit toward
31 such a degree, a program of post-graduate or post-doctoral studies, or a pro-

1 gram of training to prepare students for gainful employment in a recognized
2 occupation; and

3 (d) Is a public or other nonprofit institution.

4 (10) “Internal Revenue Code” means the federal Internal Revenue Code,
5 as amended and in effect on December 31, [2017] **2018**.

6 (11) “Nonprofit employing unit” means an organization, or group of or-
7 ganizations, described in section 501(c)(3) of the Internal Revenue Code that
8 is exempt from income tax under section 501(a) of the Internal Revenue Code.

9 (12) “State” includes, in addition to the states of the United States of
10 America, the District of Columbia and Puerto Rico. However, for all pur-
11 poses of this chapter the Virgin Islands shall be considered a state on and
12 after the day on which the United States Secretary of Labor first approves
13 the Virgin Islands’ law under section 3304(a) of the Federal Unemployment
14 Tax Act as amended by Public Law 94-566.

15 (13) “Taxes” means the money payments to the Unemployment Compens-
16 ation Trust Fund required, or voluntary payments permitted, by this chap-
17 ter.

18 (14) “Valid claim” means any claim for benefits made in accordance with
19 ORS 657.260 if the individual meets the wages-paid-for-employment require-
20 ments of ORS 657.150.

21 (15) “Week” means any period of seven consecutive calendar days ending
22 at midnight, as the director may, by regulation, prescribe. The director may
23 by regulation prescribe that a “week” shall be “in,” “within,” or “during” the
24 calendar quarter that includes the greater part of such week.

25 **SECTION 29. (1) Except as provided in subsections (2) and (3) of this**
26 **section, the amendments to statutes by sections 1 to 28 of this 2019**
27 **Act apply to transactions or activities occurring on or after January**
28 **1, 2019, in tax years beginning on or after January 1, 2019.**

29 **(2) The effective and applicable dates, and the exceptions, special**
30 **rules and coordination with the Internal Revenue Code, as amended,**
31 **relative to those dates, contained in Making Further Continuing Ap-**

1 **appropriations for the Fiscal Year Ending September 30, 2018 (P.L.**
2 **115-120), the Bipartisan Budget Act of 2018 (P.L. 115-123) and other**
3 **federal law amending the Internal Revenue Code and enacted before**
4 **January 1, 2019, apply for Oregon personal income and corporate excise**
5 **and income tax purposes, to the extent they can be made applicable,**
6 **in the same manner as they are applied under the Internal Revenue**
7 **Code and related federal law.**

8 **(3)(a) If a deficiency is assessed against any taxpayer for a tax year**
9 **beginning before January 1, 2019, and the deficiency or any portion**
10 **thereof is attributable to any retroactive treatment under the amend-**
11 **ments to ORS 178.300, 305.230, 305.494, 305.690, 305.842, 314.011, 314.306,**
12 **315.004, 316.012, 316.013, 316.147, 316.157, 317.010, 317.018 and 317.097 by**
13 **sections 1 and 13 to 26 of this 2019 Act, then any interest or penalty**
14 **assessed under ORS chapter 305, 314, 315, 316, 317 or 318 with respect**
15 **to the deficiency or portion thereof shall be canceled.**

16 **(b) If a refund is due any taxpayer for a tax year beginning before**
17 **January 1, 2019, and the refund or any portion thereof is due the tax-**
18 **payer on account of any retroactive treatment under the amendments**
19 **to ORS 178.300, 305.230, 305.494, 305.690, 305.842, 314.011, 314.306, 315.004,**
20 **316.012, 316.013, 316.147, 316.157, 317.010, 317.018 and 317.097 by sections**
21 **1 and 13 to 26 of this 2019 Act, for a tax year beginning before January**
22 **1, 2019, then notwithstanding ORS 305.270 or 314.415 or any other law,**
23 **the refund or portion thereof shall be paid without interest.**

24 **(c) Any changes required because of the amendments to ORS**
25 **178.300, 305.230, 305.494, 305.690, 305.842, 314.011, 314.306, 315.004, 316.012,**
26 **316.013, 316.147, 316.157, 317.010, 317.018 and 317.097 by sections 1 and 13**
27 **to 26 of this 2019 Act, for a tax year beginning before January 1, 2019,**
28 **shall be made by filing an amended return within the time prescribed**
29 **by law.**

30 **(d) If a taxpayer fails to file an amended return under paragraph**
31 **(c) of this subsection, the Department of Revenue shall make any**

1 **changes under paragraph (c) of this subsection on the return to which**
2 **the changes relate within the period specified for issuing a notice of**
3 **deficiency or claiming a refund as otherwise provided by law with re-**
4 **spect to that return, or within one year after a return for a tax year**
5 **beginning on or after January 1, 2019, and before January 1, 2020, is**
6 **filed, whichever period expires later.**

7 **SECTION 30. This 2019 Act takes effect on the 91st day after the**
8 **date on which the 2019 regular session of the Eightieth Legislative**
9 **Assembly adjourns sine die.**

10
