

House Bill 3490

Sponsored by Representative BUCKLEY (at the request of Oregon Revenue Coalition)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Requires addition to taxable income for Oregon tax purposes of certain income otherwise excluded from federal taxable income.

Applies to tax years beginning on or after January 1, 2006.

A BILL FOR AN ACT

1
2 Relating to taxation; creating new provisions; amending ORS 316.027 and section 4, chapter 405,
3 Oregon Laws 1981; repealing ORS 307.182; and providing for revenue raising that requires ap-
4 proval by a three-fifths majority.

5 Whereas the people of Oregon have repeatedly expressed their desire for the Legislative As-
6 sembly to follow clear priorities; and

7 Whereas the priorities established by the people of Oregon are the adequate funding of educa-
8 tion, human services and public safety; and

9 Whereas tax expenditures, commonly known as "tax breaks," that are currently provided to a
10 minority of Oregon taxpayers have grown to such a level that we cannot afford to fund those ser-
11 vices given highest priority by the vast majority of the citizens of our state; and

12 Whereas it is necessary to review all current tax expenditures and eliminate those that serve
13 a minority of taxpayers at the expense of the needs and priorities of the majority of citizens; now,
14 therefore,

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

16 **SECTION 1. Section 2 of this 2005 Act is added to and made a part of ORS chapter 316.**

17 **SECTION 2. To derive Oregon taxable income, there shall be added to federal taxable
18 income the amount excluded from federal taxable income for federal tax purposes under
19 section 911 of the federal Internal Revenue Code.**

20 **SECTION 3. Section 2 of this 2005 Act applies to tax years beginning on or after January
21 1, 2006.**

22 **SECTION 4. Section 5 of this 2005 Act is added to and made a part of ORS chapter 317.**

23 **SECTION 5. To derive Oregon taxable income, there shall be added to federal taxable
24 income the amount excluded from federal taxable income for federal tax purposes under
25 sections 861 to 863 and 865 of the federal Internal Revenue Code.**

26 **SECTION 6. Section 5 of this 2005 Act applies to tax years beginning on or after January
27 1, 2006.**

28 **SECTION 7. Section 8 of this 2005 Act is added to and made a part of ORS chapter 317.**

29 **SECTION 8. To derive Oregon taxable income, there shall be added to federal taxable
30 income the amount excluded from federal taxable income for federal tax purposes under
31 sections 114 and 941 of the federal Internal Revenue Code.**

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

1 **SECTION 9.** Section 8 of this 2005 Act applies to tax years beginning on or after January
2 1, 2006.

3 **SECTION 10.** Section 11 of this 2005 Act is added to and made a part of ORS chapter 316.

4 **SECTION 11.** To derive Oregon taxable income, there shall be added to federal taxable
5 income the amount excluded from federal taxable income for federal tax purposes under
6 section 422 of the federal Internal Revenue Code.

7 **SECTION 12.** Section 11 of this 2005 Act applies to tax years beginning on or after Jan-
8 uary 1, 2006.

9 **SECTION 13.** Section 14 of this 2005 Act is added to and made a part of ORS chapter 317.

10 **SECTION 14.** To derive Oregon taxable income, there shall be added to federal taxable
11 income the amount excluded from federal taxable income for federal tax purposes under
12 sections 72, 101, 7702 and 7702A of the federal Internal Revenue Code.

13 **SECTION 15.** Section 14 of this 2005 Act applies to tax years beginning on or after Jan-
14 uary 1, 2006.

15 **SECTION 16.** Section 17 of this 2005 Act is added to and made a part of ORS chapter 316.

16 **SECTION 17.** To derive Oregon taxable income, there shall be added to federal taxable
17 income the amount excluded from federal taxable income for federal tax purposes under
18 section 1031 of the federal Internal Revenue Code.

19 **SECTION 18.** Section 17 of this 2005 Act applies to tax years beginning on or after Jan-
20 uary 1, 2006.

21 **SECTION 19.** Section 20 of this 2005 Act is added to and made a part of ORS chapter 317.

22 **SECTION 20.** To derive Oregon taxable income, there shall be added to federal taxable
23 income the amount excluded from federal taxable income for federal tax purposes under
24 section 1031 of the federal Internal Revenue Code.

25 **SECTION 21.** Section 20 of this 2005 Act applies to tax years beginning on or after Jan-
26 uary 1, 2006.

27 **SECTION 22.** Section 23 of this 2005 Act is added to and made a part of ORS chapter 317.

28 **SECTION 23.** To derive Oregon taxable income, there shall be added to federal taxable
29 income the amount excluded from federal taxable income for federal tax purposes under
30 section 954 of the federal Internal Revenue Code.

31 **SECTION 24.** Section 23 of this 2005 Act applies to tax years beginning on or after Jan-
32 uary 1, 2006.

33 **SECTION 25.** ORS 316.027 is amended to read:

34 316.027. [(1)] For purposes of this chapter, unless the context requires otherwise:

35 [(a)] (1) "Resident" or "resident of this state" means:

36 [(A)] (a) An individual who is domiciled in this state unless the individual:

37 [(i)] (A) Maintains no permanent place of abode in this state;

38 [(ii)] (B) Does maintain a permanent place of abode elsewhere; and

39 [(iii)] (C) Spends in the aggregate not more than 30 days in the taxable year in this state; or

40 [(B)] (b) An individual who is not domiciled in this state but maintains a permanent place of
41 abode in this state and spends in the aggregate more than 200 days of the taxable year in this state
42 unless the individual proves that the individual is in the state only for a temporary or transitory
43 purpose.

44 [(b) "Resident" or "resident of this state" does not include:]

45 [(A) An individual who is a qualified individual under section 911(d)(1) of the Internal Revenue

1 *Code for the tax year;]*

2 *[(B) A spouse of a qualified individual under section 911(d)(1) of the Internal Revenue Code, if the*
3 *spouse has a principal place of abode for the tax year that is not located in this state; or]*

4 *[(C) A resident alien under section 7701(b) of the Internal Revenue Code who would be considered*
5 *a qualified individual under section 911(d)(1) of the Internal Revenue Code if the resident alien were*
6 *a citizen of the United States.]*

7 (2) For purposes of subsection [(1)(a)(B)] (1)(b) of this section, a fraction of a calendar day shall
8 be counted as a whole day.

9 **SECTION 26. The amendments to ORS 316.027 by section 25 of this 2005 Act apply to tax**
10 **years beginning on or after January 1, 2006.**

11 **SECTION 27. ORS 307.182 is repealed on January 2, 2010.**

12 **SECTION 28.** Section 4, chapter 405, Oregon Laws 1981, as amended by section 1, chapter 169,
13 Oregon Laws 1985, section 4, chapter 748, Oregon Laws 1995, section 4, chapter 67, Oregon Laws
14 2001, section 13, chapter 114, Oregon Laws 2001, and section 8, chapter 509, Oregon Laws 2001, is
15 amended to read:

16 **Sec. 4.** ORS 307.182 applies to tax years beginning on or after July 1, 1981, and prior to July
17 1, [2012] 2007.

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