LC 3339 2017 Regular Session 2/7/17 (CMT/ps)

DRAFT

SUMMARY

Requires addition, in determination of Oregon taxable income, of deduction as business expense of compensation paid by taxpayer to highly paid individual.

Applies to tax years beginning on or after January 1, 2018. Takes effect on 91st day following adjournment sine die.

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A BILL FOR AN ACT

2 Relating to the deduction of pay of highly paid individuals; and prescribing

3 an effective date.

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

5 <u>SECTION 1.</u> Section 2 of this 2017 Act is added to and made a part 6 of ORS chapter 316.

<u>SECTION 2.</u> (1) As used in this section, "compensation" includes
wages, salaries, bonuses, commissions, stock options or any other
form of remuneration paid to or accrued by an individual in return for
personal services.

11 (2) There shall be added to federal taxable income any amount of an individual's compensation that has been deducted on a taxpayer's 12federal return under section 162 of the Internal Revenue Code, if the 13 individual's compensation paid by the taxpayer for the tax year ex-14 ceeds 100 multiplied by the median annual compensation of full-time 1516 employees of the trade or business for which the deduction is claimed. SECTION 3. Section 4 of this 2017 Act is added to and made a part 17of ORS chapter 317. 18

19 <u>SECTION 4.</u> (1) As used in this section, "compensation" includes

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.

wages, salaries, bonuses, commissions, stock options or any other
form of remuneration paid to or accrued by an individual in return for
personal services.

(2) There shall be added to federal taxable income any amount of 4 an individual's compensation that has been deducted on a taxpayer's 5federal return under section 162 of the Internal Revenue Code, if the 6 individual's compensation paid by the taxpayer for the tax year ex-7 ceeds 100 multiplied by the median annual compensation of full-time 8 employees of the trade or business for which the deduction is claimed. 9 SECTION 5. Sections 2 and 4 of this 2017 Act apply to tax years 10 beginning on or after January 1, 2018. 11

<u>SECTION 6.</u> This 2017 Act takes effect on the 91st day after the date
 on which the 2017 regular session of the Seventy-ninth Legislative
 Assembly adjourns sine die.

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