

Senate Bill 851

Sponsored by COMMITTEE ON FINANCE AND REVENUE

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, for Oregon tax purposes, addition to federal taxable income of amounts deducted as global intangible low-tax income.

Applies to tax years beginning on or after January 1, 2018.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to tax treatment of foreign earnings; creating new provisions; amending ORS 317.267; and
3 prescribing an effective date.

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

5 **SECTION 1.** ORS 317.267, as amended by section 28, chapter 101, Oregon Laws 2018, is
6 amended to read:

7 317.267. (1) To derive Oregon taxable income, there shall be added to federal taxable income
8 amounts received as dividends from corporations deducted for federal purposes pursuant to section
9 243 or 245 of the Internal Revenue Code, except section 245(c) of the Internal Revenue Code,
10 amounts deducted for income repatriated, deemed or otherwise, **or deducted as global intangible**
11 **low-taxed income**, under An Act to Provide for Reconciliation Pursuant to Titles II and V of the
12 Concurrent Resolution on the Budget for Fiscal Year 2018 (P.L. 115-97), amounts paid as dividends
13 by a public utility or telecommunications utility and deducted for federal purposes pursuant to sec-
14 tion 247 of the Internal Revenue Code or dividends eliminated under Treasury Regulations adopted
15 under section 1502 of the Internal Revenue Code that are paid by members of an affiliated group
16 that are eliminated from a consolidated federal return pursuant to ORS 317.715 (2).

17 (2) To derive Oregon taxable income, after the modification prescribed under subsection (1) of
18 this section, there shall be subtracted from federal taxable income an amount equal to 70 percent
19 of dividends (determined without regard to section 78 of the Internal Revenue Code) received or
20 deemed received from corporations if such dividends are included in federal taxable income. How-
21 ever:

22 (a) In the case of any dividend on debt-financed portfolio stock as described in section 246A of
23 the Internal Revenue Code, the subtraction allowed under this subsection shall be reduced under the
24 same conditions and in same amount as the dividends received deduction otherwise allowable for
25 federal income tax purposes is reduced under section 246A of the Internal Revenue Code.

26 (b) In the case of any dividend received from a 20 percent owned corporation, as defined in
27 section 243(c) of the Internal Revenue Code, this subsection shall be applied by substituting "80
28 percent" for "70 percent."

29 (c) A dividend that is not treated as a dividend under section 243(d) or 965(c)(3) of the Internal
30 Revenue Code may not be treated as a dividend for purposes of this subsection.

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 (d) If a dividends received deduction is not allowed for federal tax purposes because of section
2 246(a) or (c) of the Internal Revenue Code, a subtraction may not be made under this subsection for
3 received dividends that are described in section 246(a) or (c) of the Internal Revenue Code.

4 (e) In the case of any dividend received from an alien, domestic or foreign insurer, as defined
5 in ORS 731.082, that would be included in the taxpayer's consolidated Oregon return but for the
6 application of ORS 317.710 (5) or (7), this subsection shall be applied by substituting "100 percent"
7 for "70 percent."

8 (3) There shall be excluded from the sales factor of any apportionment formula employed to at-
9 tribute income to this state any amount subtracted from federal taxable income under subsection (2)
10 of this section.

11 **SECTION 2. The amendments to ORS 317.267 by section 1 of this 2019 Act apply to tax**
12 **years beginning on or after January 1, 2018.**

13 **SECTION 3. This 2019 Act takes effect on the 91st day after the date on which the 2019**
14 **regular session of the Eightieth Legislative Assembly adjourns sine die.**

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