

HB 2457-8  
(LC 2126)  
5/3/21 (CMT/ps)

Requested by HOUSE COMMITTEE ON REVENUE (at the request of Representative Nancy Nathanson)

**PROPOSED AMENDMENTS TO  
HOUSE BILL 2457**

1 On page 1 of the printed bill, delete lines 8 through 28 and delete pages  
2 2 through 35 and insert:

3 **“SECTION 1.** ORS 178.300 is amended to read:

4 “178.300. As used in ORS 178.300 to 178.360:

5 “(1) ‘Account’ means an individual account established in accordance with  
6 ORS 178.300 to 178.360.

7 “(2) ‘Account owner’ means the person who has the right to withdraw  
8 funds from the account. The account owner may also be the designated ben-  
9 eficiary of the account.

10 “(3) ‘Board’ means the Oregon 529 Savings Board established under ORS  
11 178.310.

12 “(4) ‘Designated beneficiary’ means, except as provided in ORS 178.350,  
13 the individual designated at the time the account is opened as having the  
14 right to receive a qualified withdrawal for the payment of qualified higher  
15 education expenses, or if the designated beneficiary is replaced in accordance  
16 with ORS 178.350, the replacement.

17 “(5) ‘Financial institution’ means a bank, a commercial bank, a national  
18 bank, a savings bank, a savings and loan, a thrift institution, a credit union,  
19 an insurance company, a trust company, a mutual fund, an investment firm  
20 or other similar entity authorized to do business in this state.

21 “(6) ‘Higher education institution’ means an eligible education institution

1 as defined in section 529(e)(5) of the Internal Revenue Code.

2 “(7) ‘Internal Revenue Code’ means the federal Internal Revenue Code as  
3 amended and in effect on [December 31, 2018] **April 1, 2021.**

4 “(8) ‘Member of the family’ shall have the same meaning as contained in  
5 section 529(e) of the Internal Revenue Code.

6 “(9) ‘Network’ means the Oregon 529 Savings Network established under  
7 ORS 178.305.

8 “(10) ‘Nonqualified withdrawal’ means a withdrawal from an account that  
9 is not a qualified withdrawal.

10 “(11) ‘Qualified higher education expenses’ means tuition and other per-  
11 mitted expenses as set forth in section 529(e) of the Internal Revenue Code  
12 for the enrollment or attendance of a designated beneficiary at a higher ed-  
13 ucation institution, **expenses associated with registered apprenticeship**  
14 **programs described in section 529(c)(8) of the Internal Revenue Code**  
15 **and amounts paid as principal or interest on a qualified education loan**  
16 **to the extent allowed under section 529(c)(9) of the Internal Revenue**  
17 **Code.**

18 “(12) ‘Qualified withdrawal’ means a withdrawal made as prescribed under  
19 ORS 178.355 and made:

20 “(a) From an account to pay the qualified higher education expenses of  
21 the designated beneficiary;

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

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

27 “(d) As a rollover or change in the designated beneficiary described in  
28 ORS 178.350.

29 **“SECTION 2.** ORS 238.395 is amended to read:

30 “238.395. (1)(a) In addition to any other benefits under this chapter, a

1 death benefit, provided by contributions of the public employer under ORS  
2 238.225 and, for benefits that accrue on or after July 1, 2020, amounts in the  
3 employee pension stability account established for the member under ORS  
4 238A.353, shall be paid to the beneficiaries designated under ORS 238.390 (1)  
5 of a person who is an active or inactive member of the Public Employees  
6 Retirement System and who dies as a result of injuries received while em-  
7 ployed in the service of the public employer or within 120 days after termi-  
8 nation from service with a participating public employer. A member who is  
9 on a leave of absence without pay from employment with a participating  
10 public employer has not terminated service with that participating public  
11 employer for the purposes of this section.

12 “(b) The death benefit under this subsection is an amount equal to the  
13 amount in the member account of the deceased member at the time of death.

14 “(c) In the event that a beneficiary has not been named as provided in  
15 paragraph (a) of this subsection and ORS 238.390 (1), the death benefit under  
16 this subsection shall be paid in the manner provided for payment of money  
17 credited to the member account of the member in ORS 238.390 (2).

18 “(d) The beneficiary designated under paragraph (a) of this subsection and  
19 ORS 238.390 (1) may elect to receive the amount payable in actuarially de-  
20 termined monthly payments for the life of such beneficiary as long as such  
21 monthly payments, plus the monthly amount if elected under ORS 238.390 (3),  
22 are at least \$200.

23 “(e) Interest upon the death benefit provided by this subsection accrues  
24 until the date that the benefit is distributed. The Public Employees Retire-  
25 ment Board shall establish procedures for computing interest to be credited  
26 on the benefit for the period between the date of death and date of distrib-  
27 ution.

28 “(2)(a) If a member of the system dies while employed in the service of a  
29 participating public employer or within 120 days after termination from ser-  
30 vice with a participating public employer and the member’s spouse is the

1 member's beneficiary under ORS 238.390, the member's spouse may elect to  
2 receive the benefit provided under this subsection in lieu of the death bene-  
3 fits provided under ORS 238.390 and subsection (1) of this section.

4 "(b) The member's spouse must notify the board in writing of an election  
5 under this section no later than 60 days after the date of death of the mem-  
6 ber.

7 "(c) The death benefit to be paid under this subsection is for the life of  
8 the member's spouse and is the actuarial equivalent of 50 percent of the  
9 service retirement allowance that would otherwise have been paid to the  
10 deceased member, which shall be calculated:

11 "(A) As of the date of death, if the member dies after the earliest retire-  
12 ment date for the member under ORS 238.280; or

13 "(B) As if the member became an inactive member on the date of death  
14 and retired at the earliest retirement date for the member under ORS 238.280.

15 "(d) The death benefit provided under this subsection is first effective on  
16 the first day of the month following the election of the member's spouse to  
17 receive the death benefit under this subsection. The member's spouse may  
18 elect to delay payment of the death benefit, but payment must commence no  
19 later than December 31 of the calendar year in which the deceased member  
20 would have reached [70-1/2] **72** years of age.

21 "(3) Payment by the board of additional death benefits in the manner  
22 provided by this section completely discharges the board and system on ac-  
23 count of the death, and shall hold the board and system harmless from any  
24 claim for wrongful payment.

25 "**SECTION 3.** ORS 238A.005 is amended to read:

26 "238A.005. For the purposes of this chapter:

27 "(1) 'Active member' means a member of the pension program or the in-  
28 dividual account program of the Oregon Public Service Retirement Plan who  
29 is actively employed in a qualifying position.

30 "(2) 'Actuarial equivalent' means a payment or series of payments having

1 the same value as the payment or series of payments replaced, computed on  
2 the basis of interest rate and mortality assumptions adopted by the board.

3 “(3) ‘Board’ means the Public Employees Retirement Board.

4 “(4) ‘Eligible employee’ means a person who performs services for a par-  
5 ticipating public employer, including elected officials other than judges. ‘El-  
6 igible employee’ does not include:

7 “(a) Persons engaged as independent contractors;

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

9 “(c) Persons provided sheltered employment or make-work by a public  
10 employer;

11 “(d) Persons categorized by a participating public employer as student  
12 employees;

13 “(e) Any person who is in custody in a state institution;

14 “(f) Employees of foreign trade offices of the Oregon Business Develop-  
15 ment Department who live and perform services in foreign countries under  
16 the provisions of ORS 285A.075 (1)(g);

17 “(g) An employee actively participating in an alternative retirement pro-  
18 gram established under ORS 353.250 or an optional retirement plan estab-  
19 lished under ORS 341.551;

20 “(h) Employees of a public university listed in ORS 352.002 who are ac-  
21 tively participating in an optional retirement plan offered under ORS 243.815;

22 “(i) Persons employed in positions classified as post-doctoral scholar po-  
23 sitions by a public university listed in ORS 352.002, or by the Oregon Health  
24 and Science University, under ORS 350.370;

25 “(j) Any employee who belongs to a class of employees that was not eli-  
26 gible on August 28, 2003, for membership in the system under the provisions  
27 of ORS chapter 238 or other law;

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

1 “(L) Any person who is retired under ORS 238A.100 to 238A.250 or ORS  
2 chapter 238 and who continues to receive retirement benefits while employed;  
3 and

4 “(m) Judges.

5 “(5) ‘Firefighter’ means:

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

8 “(b) The State Fire Marshal, the chief deputy state fire marshal and  
9 deputy state fire marshals;

10 “(c) An employee of the State Forestry Department who is certified by the  
11 State Forester as a professional wildland firefighter and whose primary du-  
12 ties include the abatement of uncontrolled fires as described in ORS 477.064;  
13 and

14 “(d) An employee of the Oregon Military Department whose primary du-  
15 ties include fighting structural, aircraft, wildland or other fires.

16 “(6) ‘Fund’ means the Public Employees Retirement Fund.

17 “(7)(a) ‘Hour of service’ means:

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

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

28 “(b) ‘Hour of service’ does not include any hour for which payment is  
29 made or due under a plan maintained solely for the purpose of complying  
30 with applicable unemployment compensation laws.

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

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

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

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

15 “(12) ‘Participating public employer’ means a public employer as defined  
16 in ORS 238.005 that provides retirement benefits for employees of the public  
17 employer under the system.

18 “(13) ‘Pension program’ means the defined benefit pension program of the  
19 Oregon Public Service Retirement Plan established under ORS 238A.025.

20 “(14) ‘Police officer’ means a police officer as described in ORS 238.005.

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

26 “(16) ‘Retired member’ means a pension program member who is receiving  
27 a pension as provided in ORS 238A.180 to 238A.195.

28 “(17)(a) ‘Salary’ means the remuneration paid to an active member in re-  
29 turn for services to the participating public employer, including  
30 remuneration in the form of living quarters, board or other items of value,

1 to the extent the remuneration is includable in the employee’s taxable in-  
2 come under Oregon law. ‘Salary’ includes the additional amounts specified  
3 in paragraph (b) of this subsection, but does not include the amounts speci-  
4 fied in paragraph (c) of this subsection, regardless of whether those amounts  
5 are includable in taxable income.

6 “(b) ‘Salary’ includes the following amounts:

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

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

11 “(C) Any amount that is contributed to a cafeteria plan or qualified  
12 transportation fringe benefit plan by the employer at the election of the  
13 employee and that is not includable in the taxable income of the employee  
14 by reason of 26 U.S.C. 125 or 132(f)(4), as in effect on [*December 31, 2018*]  
15 **April 1, 2021.**

16 “(D) Any amount that is contributed to a cash or deferred arrangement  
17 by the employer at the election of the employee and that is not included in  
18 the taxable income of the employee by reason of 26 U.S.C. 402(e)(3), as in  
19 effect on [*December 31, 2018*] **April 1, 2021.**

20 “(E) Retroactive payments described in ORS 238.008.

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

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

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

28 “(c) ‘Salary’ does not include the following amounts:

29 “(A) Travel or any other expenses incidental to employer’s business which  
30 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  
5 contract 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  
24 not paid by Oregon Health and Science University.

25 “(L) For years before 2020, any amount in excess of \$200,000 for a calen-  
26 dar year. If any period over which salary is determined is less than 12  
27 months, the \$200,000 limitation for that period shall be multiplied by a frac-  
28 tion, the numerator of which is the number of months in the determination  
29 period and the denominator of which is 12. The board shall adopt rules ad-  
30 justing this dollar limit to incorporate cost-of-living adjustments authorized

1 by the Internal Revenue Service.

2 “(M) For years beginning on or after January 1, 2020, any amount in ex-  
3 cess of \$195,000 for a calendar year. If any period over which salary is de-  
4 termined is less than 12 months, the \$195,000 limitation for that period shall  
5 be multiplied by a fraction, the numerator of which is the number of months  
6 in the determination period and the denominator of which is 12. On January  
7 1 of each year, the board shall adjust the dollar limit provided by this sub-  
8 paragraph to reflect any percentage changes in the Consumer Price Index for  
9 All Urban Consumers, West Region (All Items), as published by the Bureau  
10 of Labor Statistics of the United States Department of Labor.

11 “(18) ‘System’ means the Public Employees Retirement System.

12 “(19) ‘Workers’ compensation benefits’ means:

13 “(a) Payments made under ORS chapter 656; or

14 “(b) Payments provided in lieu of workers’ compensation benefits under  
15 ORS 656.027 (6).

16 “**SECTION 4.** ORS 238A.125 is amended to read:

17 “238A.125. (1) Upon retiring at normal retirement age, a vested pension  
18 program member shall be paid an annual pension for the life of the member  
19 as follows:

20 “(a) For service as a police officer or firefighter, 1.8 percent of final av-  
21 erage salary multiplied by the number of years of retirement credit attrib-  
22 utable to service as a police officer or firefighter.

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

26 “(2) Notwithstanding any provision of ORS 238A.100 to 238A.250, the an-  
27 nual benefit payable to a member under the pension program and under any  
28 other tax-qualified defined benefit plan maintained by the participating pub-  
29 lic employer may not exceed the applicable limitations set forth in 26 U.S.C.  
30 415(b), as in effect on [December 31, 2018] **April 1, 2021**. The Public Em-

1 ployees Retirement Board shall adopt rules for the administration of this  
2 limitation, including adjustments in the annual dollar limitation to reflect  
3 cost-of-living adjustments authorized by the Internal Revenue Service.

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

7 **“SECTION 5.** ORS 238A.150 is amended to read:

8 “238A.150. (1) Notwithstanding any other provision of ORS 238A.100 to  
9 238A.250, 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 accrue retirement credit, credit  
13 toward the probationary period required by ORS 238A.100 and credit toward  
14 the vesting requirements of ORS 238A.115 under rules adopted by the Public  
15 Employees Retirement Board pursuant to subsection (2) of this section.

16 “(2) The board shall adopt rules establishing benefits and service credit  
17 for any period of service in the uniformed services by an employee described  
18 in subsection (1) of this section. For the purpose of adopting rules under this  
19 subsection, the board shall consider and take into account all federal law  
20 relating to benefits and service credit for any period of service in the uni-  
21 formed services, including 26 U.S.C. 414(u), as in effect on [*December 31,*  
22 *2018*] **April 1, 2021**. Benefits and service credit under rules adopted by the  
23 board pursuant to this subsection may not exceed benefits and service credit  
24 required under federal law for periods of service in the uniformed services.

25 **“SECTION 6.** ORS 238A.170 is amended to read:

26 “238A.170. (1) An active member of the pension program who is [*70-1/2*]  
27 **72** years of age or older must retire not later than April 1 of the calendar  
28 year following the calendar year in which the member terminates employ-  
29 ment with all participating public employers. An inactive member of the  
30 pension program must retire not later than April 1 of the calendar year fol-

1 lowing the calendar year in which the member attains [70-1/2] **72** years of  
2 age.

3 “(2) Notwithstanding any other provision of ORS 238A.100 to 238A.250,  
4 the entire interest of a member of the pension program must be distributed  
5 over a time period commencing no later than the required beginning date set  
6 forth in subsection (1) of this section, and must be distributed in a manner  
7 that satisfies all other minimum distribution requirements of 26 U.S.C.  
8 401(a)(9) and regulations implementing that section, as in effect on [December  
9 31, 2018] **April 1, 2021**. The Public Employees Retirement Board shall adopt  
10 rules implementing those minimum distribution requirements.

11 **“SECTION 7.** ORS 238A.230 is amended to read:

12 “238A.230. (1) If a member of the pension program who is vested dies be-  
13 fore the member’s effective date of retirement, the Public Employees Retire-  
14 ment Board shall pay the death benefit provided for in this section to:

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

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

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

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

26 “(b) For the purpose of paragraph (a) of this subsection, the amount of  
27 the pension that would otherwise have been paid to the deceased member  
28 shall be calculated:

29 “(A) As of the date of death if the member dies after the earliest retire-  
30 ment date for the member under ORS 238A.165; or

1 “(B) As if the member became an inactive member on the date of death  
2 and thereafter retired at the earliest retirement date if the member dies be-  
3 fore the earliest retirement date for the member under ORS 238A.165.

4 “(3) The death benefit provided under this section is first effective on the  
5 first day of the month following the date of death of the member. The sur-  
6 viving spouse, former spouse or other person entitled to the death benefit  
7 may elect to delay payment of the death benefit, but payment must commence  
8 no later than December 31 of the calendar year in which the member would  
9 have reached [70-1/2] **72** years of age.

10 “(4) Notwithstanding any other provision of ORS 238A.100 to 238A.250,  
11 distributions of death benefits under the pension program must comply with  
12 the minimum distribution requirements of 26 U.S.C. 401(a)(9) and the regu-  
13 lations implementing that section, as in effect on [December 31, 2018] **April**  
14 **1, 2021**. The board shall adopt rules implementing those minimum distrib-  
15 ution requirements.

16 “**SECTION 8.** ORS 238A.370 is amended to read:

17 “238A.370. Notwithstanding any other provision of ORS 238A.300 to  
18 238A.415, the annual addition to the employee and employer accounts of a  
19 member of the individual account program for a calendar year, together with  
20 the annual additions to the accounts of the member under any other defined  
21 contribution plan maintained by the participating public employer for a cal-  
22 endar year, may not exceed the lesser of \$40,000, or 100 percent of the  
23 member’s compensation for that calendar year. For purposes of this section,  
24 ‘annual addition’ has the meaning given that term in 26 U.S.C. 415(c)(2), as  
25 in effect on [December 31, 2018] **April 1, 2021**, and ‘compensation’ has the  
26 meaning given the term ‘participant’s compensation’ in 26 U.S.C. 415(c)(3),  
27 as in effect on [December 31, 2018] **April 1, 2021**. The Public Employees Re-  
28 tirement Board shall adopt rules for the administration of this limitation,  
29 including adjustments in the annual dollar limitation to reflect cost-of-living  
30 adjustments authorized by the Internal Revenue Service.

1       **“SECTION 9.** ORS 238A.400 is amended to read:

2       “238A.400. (1) Upon retirement on or after the earliest retirement date,  
3 as described in ORS 238A.165, a member of the individual account program  
4 shall receive in a lump sum the amounts in the member’s employee account,  
5 rollover account and employer account to the extent the member is vested  
6 in those accounts under ORS 238A.320.

7       “(2) In lieu of a lump sum payment under subsection (1) of this section,  
8 a member of the individual account program may elect to receive the  
9 amounts in the member’s employee account and employer account, to the  
10 extent the member is vested in those accounts under ORS 238A.320, in sub-  
11 stantially equal installments paid over a period of 5, 10, 15 or 20 years, or  
12 over a period that is equal to the anticipated life span of the member as  
13 actuarially determined by the Public Employees Retirement Board. Install-  
14 ments may be made on a monthly, quarterly or annual basis. In no event  
15 may the period selected by the member exceed the time allowed by the min-  
16 imum distribution requirements described in subsection (5) of this section.  
17 The board shall by rule establish the manner in which installments will be  
18 adjusted to reflect investment gains and losses on the unpaid balance during  
19 the payout period elected by the member under this subsection. The board  
20 by rule may establish minimum monthly amounts payable under this sub-  
21 section. The board may require that a lump sum payment, or an installment  
22 schedule different than the schedules provided for in this subsection, be used  
23 to pay the vested amounts in the member’s accounts if those amounts are  
24 not adequate to generate the minimum monthly amounts specified by the  
25 rule.

26       “(3) A member of the individual account program electing to receive in-  
27 stallments under subsection (2) of this section must designate a beneficiary  
28 or beneficiaries. In the event the member dies before all amounts in the  
29 employee and vested employer accounts are paid, all remaining installment  
30 payments shall be made to the beneficiary or beneficiaries designated by the

1 member. A beneficiary may elect to receive a lump sum distribution of the  
2 remaining amounts.

3 “(4) A member who is entitled to receive retirement benefits under ORS  
4 chapter 238 may receive vested amounts in the member’s employee account,  
5 rollover account and employer account in the manner provided by this sec-  
6 tion when the member retires for service under the provisions of ORS chap-  
7 ter 238.

8 “(5) Notwithstanding any other provision of ORS 238A.300 to 238A.415,  
9 the entire interest of a member of the individual account program must be  
10 distributed over a time period commencing no later than the latest retire-  
11 ment date set forth in ORS 238A.170, and must be distributed in a manner  
12 that satisfies all other minimum distribution requirements of 26 U.S.C.  
13 401(a)(9) and regulations implementing that section, as in effect on [*December*  
14 *31, 2018*] **April 1, 2021**. The board shall adopt rules implementing those  
15 minimum distribution requirements.

16 **“SECTION 10.** ORS 238A.410 is amended to read:

17 “238A.410. (1)(a) If a member of the individual account program dies be-  
18 fore retirement, the amounts in the member’s employee account, rollover  
19 account and employer account, to the extent the member is vested in those  
20 accounts under ORS 238A.320, shall be paid in a lump sum to the beneficiary  
21 or beneficiaries designated by the member for the purposes of this section.

22 “(b) If a member of the individual account program dies before retirement,  
23 the amounts in the employee pension stability account established for the  
24 member under ORS 238A.353 shall be applied by the Public Employees Re-  
25 tirement Board to pay the costs of any benefit payable under ORS 238.395  
26 or 238A.230 that accrues on or after July 1, 2020. If the amounts in the em-  
27 ployee pension stability account exceed the costs of the benefit payable under  
28 ORS 238.395 or 238A.230 that accrues on or after July 1, 2020, the excess  
29 amounts shall be paid in a lump sum to the beneficiary or beneficiaries  
30 designated by the member for the purposes of this section.

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

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

22       “(a) The member’s surviving spouse or other person who is constitu-  
23 tionally required to be treated in the same manner as a spouse;

24       “(b) The member’s surviving children, in equal shares; or

25       “(c) The member’s estate.

26       “(4) The entire amount of a deceased member’s vested accounts must be  
27 distributed by December 31 of the fifth calendar year after the year in which  
28 the member died. Notwithstanding any other provision of this chapter, dis-  
29 tributions of death benefits under the individual account program must  
30 comply with the minimum distribution requirements of 26 U.S.C. 401(a)(9)



1 and the regulations implementing that section, as in effect on [*December 31,*  
2 *2018*] **April 1, 2021**. The Public Employees Retirement Board shall adopt  
3 rules implementing those minimum distribution requirements.

4 **“SECTION 11.** ORS 238A.415 is amended to read:

5 “238A.415. (1) Notwithstanding any other provision of ORS 238A.300 to  
6 238A.415, an eligible employee who leaves a qualifying position for the pur-  
7 pose of performing service in the uniformed services, and who subsequently  
8 returns to employment with a participating public employer with reemploy-  
9 ment rights under federal law, is entitled to credit toward the probationary  
10 period required by ORS 238A.300, credit toward the vesting requirements of  
11 ORS 238A.320 and contributions under rules adopted by the Public Employ-  
12 ees Retirement Board pursuant to subsection (2) of this section.

13 “(2) The board shall adopt rules establishing contributions and service  
14 credit for any period of service in the uniformed services by an employee  
15 described in subsection (1) of this section. For the purpose of adopting rules  
16 under this subsection, the board shall consider and take into account all  
17 federal law relating to benefits and service credit for any period of service  
18 in the uniformed services, including 26 U.S.C. 414(u), as in effect on [*De-*  
19 *cember 31, 2018*] **April 1, 2021**. Contributions and service credit under rules  
20 adopted by the board pursuant to this subsection may not exceed contribu-  
21 tions and service credit required under federal law for periods of service in  
22 the uniformed services.

23 **“SECTION 12.** ORS 238A.430 is amended to read:

24 “238A.430. (1) To the extent required by law, and except as otherwise  
25 provided by rules adopted by the Public Employees Retirement Board under  
26 subsection (4) of this section, any portion of a distribution of benefits de-  
27 scribed in subsection (2) of this section shall, at the election of and in lieu  
28 of distribution to the distributee, be paid directly to an eligible retirement  
29 plan specified by the distributee.

30 “(2) The provisions of subsection (1) of this section apply to a distribution

1 of any benefit under the pension program or the individual account program  
2 except:

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

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

10 “(c) A distribution to the extent that the distribution is required under  
11 26 U.S.C. 401(a)(9).

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

26 “(4) The board shall adopt rules implementing the direct rollover re-  
27 quirements of 26 U.S.C. 401(a)(31) and the regulations implementing that  
28 section, and may adopt administrative exceptions to the direct rollover re-  
29 quirements to the extent permitted by 26 U.S.C. 401(a)(31) and the regu-  
30 lations implementing that section.

1 “(5) All references in this section to federal laws and regulations are to  
2 the laws and regulations in effect on [December 31, 2018] **April 1, 2021.**

3 “(6) For purposes of this section:

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

6 “(b) ‘Eligible retirement plan’ means:

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

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

10 “(C) A qualified trust under 26 U.S.C. 401(a), that is a defined contribu-  
11 tion or defined benefit plan and permits the acceptance of rollover contri-  
12 butions;

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 13.** 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

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

7 “(3) As used in this section, ‘eligible rollover distribution’ has the mean-  
8 ing given that term in 26 U.S.C. 402(c)(4), as in effect on [*December 31,*  
9 *2018*] **April 1, 2021.**

10 **“SECTION 14.** ORS 305.230 is amended to read:

11 “305.230. (1) Notwithstanding ORS 9.320:

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

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

25 “(c) Any shareholder of an S corporation, as defined in section 1361 of the  
26 Internal Revenue Code, as amended and in effect on [*December 31, 2018*]  
27 **April 1, 2021**, may represent the corporation in any proceeding before a tax  
28 court magistrate or the department in the same manner as if the shareholder  
29 were a partner and the S corporation were a partnership. The S corporation  
30 must designate in writing a tax matters shareholder authorized to represent

1 the S corporation.

2 “(d) An individual who is licensed as a real estate broker or principal real  
3 estate broker under ORS 696.022 or is a state certified appraiser or state li-  
4 censed appraiser under ORS 674.310 or is a registered appraiser under ORS  
5 308.010 may represent a taxpayer before a tax court magistrate or the de-  
6 partment in any conference or proceeding with respect to the administration  
7 of any ad valorem property tax.

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

12 “(f) Any person authorized under rules adopted by the department may  
13 represent a taxpayer before the department in any conference or proceeding  
14 with respect to any tax. Rules adopted under this paragraph, to the extent  
15 feasible, shall be consistent with federal law that governs representation  
16 before the Internal Revenue Service, as federal law is amended and in effect  
17 on [*December 31, 2018*] **April 1, 2021**.

18 “(g) Any person authorized under rules adopted by the tax court may  
19 represent a taxpayer in a proceeding before a tax court magistrate.

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

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

1 “(4) Prior to the holding of a conference or proceeding before the tax  
2 court magistrate or department, written notice shall be given by the  
3 magistrate or department to the taxpayer of the provisions of subsection (3)  
4 of this section.

5 **“SECTION 15.** ORS 305.494 is amended to read:

6 “305.494. Notwithstanding ORS 9.320, any shareholder of an S corporation  
7 as defined in section 1361 of the Internal Revenue Code, as amended and in  
8 effect on [*December 31, 2018*] **April 1, 2021**, may represent the corporation in  
9 any proceeding before the Oregon Tax Court in the same manner as if the  
10 shareholder were a partner and the S corporation were a partnership.

11 **“SECTION 16.** ORS 305.690 is amended to read:

12 “305.690. As used in ORS 305.690 to 305.753, unless the context otherwise  
13 requires:

14 “(1) ‘Biennial years’ means the two income tax years of individual tax-  
15 payers that begin in the two calendar years immediately following the cal-  
16 endar year in which a list is certified under ORS 305.715.

17 “(2) ‘Commission’ means the Oregon Charitable Checkoff Commission.

18 “(3) ‘Department’ means the Department of Revenue.

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

24 “(5) ‘Form listed’ or ‘form listing’ means being listed on the Oregon indi-  
25 vidual income tax return form.

26 “(6) ‘Instruction listing’ means being listed on the Department of Revenue  
27 instructions for tax return checkoff contribution.

28 “(7) ‘Internal Revenue Code’ means the federal Internal Revenue Code as  
29 amended and in effect on [*December 31, 2018*] **April 1, 2021**.

30 **“SECTION 17.** ORS 305.842 is amended to read:

1 “305.842. (1) As used in ORS 307.130, 307.147, 308A.450, 310.140 and 310.800,  
2 ‘Internal Revenue Code’ means the federal Internal Revenue Code as  
3 amended and in effect on [*December 31, 2018*] **April 1, 2021**.

4 “(2) As used in ORS 311.666, ‘Internal Revenue Code’ means the federal  
5 Internal Revenue Code as amended and in effect on [*December 31, 2018*] **April**  
6 **1, 2021**, including amendments that take effect after that date.

7 **“SECTION 18.** ORS 314.011 is amended to read:

8 “314.011. (1) As used in this chapter, unless the context requires other-  
9 wise, ‘department’ means the Department of Revenue.

10 “(2) As used in this chapter:

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

15 “(b) Except where the Legislative Assembly has provided otherwise, a  
16 reference to the laws of the United States or to the Internal Revenue Code  
17 refers to the laws of the United States or to the Internal Revenue Code as  
18 they are amended and in effect:

19 “(A) On [*December 31, 2018*] **April 1, 2021**; or

20 “(B) If related to the definition of taxable income, as applicable to the tax  
21 year of the taxpayer.

22 “(c) With respect to ORS 314.105, 314.256 (relating to proxy tax on lob-  
23 bing expenditures), 314.260 (1)(b), 314.302, 314.306, 314.330, 314.360, 314.362,  
24 314.385, 314.402, 314.410, 314.412, 314.525, 314.767 (7), 314.771 and 314.772 and  
25 other provisions of this chapter, except those described in paragraph (b) of  
26 this subsection, any reference to the laws of the United States or to the  
27 Internal Revenue Code means the laws of the United States relating to in-  
28 come taxes or the Internal Revenue Code as they are amended on or before  
29 [*December 31, 2018*] **April 1, 2021**, even when the amendments take effect or  
30 become operative after that date, except where the Legislative Assembly has

1 specifically provided otherwise.

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

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

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



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

3 **“SECTION 19.** ORS 314.306 is amended to read:

4 “314.306. (1) If a taxpayer excludes an amount from federal gross income  
5 by reason of the discharge of indebtedness of the taxpayer under section  
6 108(a)(1)(A) of the Internal Revenue Code (relating to discharge of indebt-  
7 edness in a bankruptcy declared under U.S.C. Title 11), then, with respect  
8 to that portion of the excluded amount that is apportioned to Oregon, the  
9 taxpayer shall apply the rules in 11 U.S.C. 346(j), as amended and in effect  
10 on [December 31, 2018] **April 1, 2021.**

11 “(2) If a taxpayer excludes an amount from federal gross income by reason  
12 of the discharge of indebtedness of the taxpayer under section 108(a)(1)(B)  
13 or (C) of the Internal Revenue Code (relating to discharge of indebtedness  
14 in insolvency or discharge of qualified farm indebtedness), then, with respect  
15 to that portion of the excluded amount that is apportioned to Oregon, the  
16 following paragraphs shall apply, in the following order:

17 “(a) If the taxpayer has made the election under section 108(b)(5) of the  
18 Internal Revenue Code to first reduce the basis of the depreciable property  
19 of the taxpayer, the election shall also be effective for Oregon tax purposes.  
20 A corresponding reduction in the basis of the depreciable property of the  
21 taxpayer shall be made for Oregon tax purposes.

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

25 “(A) Federal net operating loss.

26 “(B) Capital loss carryover.

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

29 “(D) Passive activity loss carryover.

30 “(c) Excluding amounts subject to the election in section 108(b)(5) of the

1 Internal Revenue Code:

2 “(A) Any Oregon net operating loss of an individual or corporate tax-  
3 payer, including a net operating loss carryover to the taxpayer, shall be re-  
4 duced by the amount of discharged indebtedness.

5 “(B) Any net capital loss for the taxable year of the discharge, and any  
6 capital loss carryover to the taxable year, shall be reduced by the amount  
7 of discharged indebtedness minus the total amount taken into account under  
8 subparagraph (A) of this paragraph.

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

12 “(D) The passive activity loss carryover under section 469(b) of the  
13 Internal Revenue Code from the taxable year of the discharge shall be re-  
14 duced by the amount of discharged indebtedness minus the total amount  
15 taken into account under subparagraphs (A), (B) and (C) of this paragraph.

16 **“SECTION 20.** ORS 315.004 is amended to read:

17 “315.004. (1) Except when the context requires otherwise, the definitions  
18 contained in ORS chapters 314, 316, 317 and 318 are applicable in the con-  
19 struction, interpretation and application of the personal and corporate in-  
20 come and excise tax credits contained in this chapter.

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

26 “(b) With respect to the tax credits contained in this chapter, any refer-  
27 ence to the laws of the United States or to the Internal Revenue Code means  
28 the laws of the United States relating to income taxes or the Internal Rev-  
29 enue Code as they are amended on or before [December 31, 2018] **April 1,**  
30 **2021**, even when the amendments take effect or become operative after that

1 date.

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

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

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

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

3 **“SECTION 21.** ORS 316.012 is amended to read:

4 “316.012. Any term used in this chapter has the same meaning as when  
5 used in a comparable context in the laws of the United States relating to  
6 federal income taxes, unless a different meaning is clearly required or the  
7 term is specifically defined in this chapter. Except where the Legislative  
8 Assembly has provided otherwise, any reference in this chapter to the laws  
9 of the United States or to the Internal Revenue Code refers to the laws of  
10 the United States or to the Internal Revenue Code as they are amended and  
11 in effect:

12 “(1) On [*December 31, 2018*] **April 1, 2021**; or

13 “(2) If related to the definition of taxable income, as applicable to the tax  
14 year of the taxpayer.

15 **“SECTION 22.** ORS 316.147 is amended to read:

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

18 “(1) ‘Eligible taxpayer’ includes any individual who must pay taxes oth-  
19 erwise imposed by this chapter and:

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

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

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

1 who reside in the household.

2 “(3) ‘Income’ means ‘adjusted gross income’ as defined in the federal  
3 Internal Revenue Code, as amended and in effect on [*December 31, 2018*]  
4 **April 1, 2021**, even when the amendments take effect or become operative  
5 after that date, relating to the measurement of taxable income of individuals,  
6 estates and trusts, with the following modifications:

7 “(a) There shall be added to adjusted gross income the following items  
8 of otherwise exempt income:

9 “(A) The gross amount of any otherwise exempt pension less return of  
10 investment, if any.

11 “(B) Child support received by the taxpayer.

12 “(C) Inheritances.

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

14 “(E) Amounts received by a taxpayer or spouse of a taxpayer for support  
15 from a parent who is not a member of the taxpayer’s household.

16 “(F) Life insurance proceeds.

17 “(G) Accident and health insurance proceeds, except reimbursement of  
18 incurred medical expenses.

19 “(H) Personal injury damages.

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

21 “(J) Strike benefits excluded from federal gross income.

22 “(K) Worker’s compensation, except for reimbursement of medical ex-  
23 pense.

24 “(L) Military pay and benefits.

25 “(M) Veteran’s benefits.

26 “(N) Payments received under the federal Social Security Act that are  
27 excluded from federal gross income.

28 “(O) Welfare payments, except as follows:

29 “(i) Payments for medical care, drugs and medical supplies, if the pay-  
30 ments are not made directly to the welfare recipient;

1 “(ii) In-home services authorized and approved by the Department of Hu-  
2 man Services; and

3 “(iii) Direct or indirect reimbursement of expenses paid or incurred for  
4 participation in work or training programs.

5 “(P) Nontaxable dividends.

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

7 “(R) Rental allowance paid to a minister that is excluded from federal  
8 gross income.

9 “(S) Income from sources without the United States that is excluded from  
10 federal gross income.

11 “(b) Adjusted gross income shall be increased due to the disallowance of  
12 the following deductions:

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

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

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

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

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

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

26 “(G) The amount added or subtracted, as required within the context of  
27 this section, for adjustments made under ORS 316.680 (2)(d) and 316.707 to  
28 316.737.

29 “(c) ‘Income’ does not include the following:

30 “(A) Any governmental grant that must be used by the taxpayer for re-

1 habilitation of the homestead of the taxpayer.

2 “(B) Any refund of Oregon personal income taxes that were imposed under  
3 this chapter.

4 “(4) ‘Qualified individual’ includes an individual at least 60 years of age  
5 on the date that the expenses described in subsection (1)(a) of this section  
6 are paid or incurred by the eligible taxpayer:

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

9 “(b) Who is eligible for authorized services as defined in ORS 410.410  
10 under Oregon Project Independence;

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

12 “(d) Whose care or any portion thereof is not paid for under ORS chapter  
13 414.

14 “**SECTION 23.** ORS 316.157 is amended to read:

15 “316.157. (1) In the case of an eligible individual, there shall be allowed  
16 as a credit against the taxes otherwise due under this chapter for the taxable  
17 year an amount equal to the lesser of the tax liability of the taxpayer or nine  
18 percent of net pension income.

19 “(2) For purposes of this section:

20 “(a) ‘Eligible individual’ means any individual who is receiving pension  
21 income and who has attained 62 years of age before the close of the taxable  
22 year.

23 “(b) ‘Household income’ means the aggregate income of the taxpayer and  
24 the spouse of the taxpayer who reside in the household, that was received  
25 during the taxable year for which a credit is claimed, except that ‘household  
26 income’ does not include Social Security benefits received by the taxpayer  
27 or the spouse of the taxpayer.

28 “(c) ‘Income’ means ‘adjusted gross income’ as defined in the federal  
29 Internal Revenue Code, as amended and in effect on [*December 31, 2018*]  
30 **April 1, 2021**, even when the amendments take effect or become operative

1 after that date, relating to the measurement of taxable income of individuals,  
2 estates and trusts, with the following modifications:

3 “(A) There shall be added to adjusted gross income the following items  
4 of otherwise exempt income:

5 “(i) The gross amount of any otherwise exempt pension less return of in-  
6 vestment, if any.

7 “(ii) Child support received by the taxpayer.

8 “(iii) Inheritances.

9 “(iv) Gifts and grants, the sum of which are in excess of \$500 per year.

10 “(v) Amounts received by a taxpayer or spouse of a taxpayer for support  
11 from a parent who is not a member of the taxpayer’s household.

12 “(vi) Life insurance proceeds.

13 “(vii) Accident and health insurance proceeds, except reimbursement of  
14 incurred medical expenses.

15 “(viii) Personal injury damages.

16 “(ix) Sick pay that is not included in federal adjusted gross income.

17 “(x) Strike benefits excluded from federal gross income.

18 “(xi) Worker’s compensation, except for reimbursement of medical ex-  
19 pense.

20 “(xii) Military pay and benefits.

21 “(xiii) Veteran’s benefits.

22 “(xiv) Payments received under the federal Social Security Act that are  
23 excluded from federal gross income.

24 “(xv) Welfare payments, except as follows:

25 “(I) Payments for medical care, drugs and medical supplies, if the pay-  
26 ments are not made directly to the welfare recipient;

27 “(II) In-home services authorized and approved by the Department of Hu-  
28 man Services; and

29 “(III) Direct or indirect reimbursement of expenses paid or incurred for  
30 participation in work or training programs.



1       “(xvi) Nontaxable dividends.

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

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

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

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

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

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

13       “(iii) 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       “(iv) 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       “(v) The amount of any net operating loss carryovers or carrybacks in-  
19 cluded in federal adjusted gross income.

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

22       “(vii) 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       “(i) Any governmental grant that must be used by the taxpayer for reha-  
27 bilitation of the homestead of the taxpayer.

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

30       “(d) ‘Net pension income’ means:

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

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

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

7       “(B) For an eligible individual filing a return other than a joint return,  
8 the lesser of the pension income of the eligible individual received during the  
9 taxable year or the excess, if any, of \$7,500 over the sum of the following  
10 amounts:

11       “(i) Any Social Security benefits received by the eligible individual during  
12 the taxable year; and

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

14       “(e) ‘Pension income’ means income included in Oregon taxable income  
15 from:

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

20       “(B) Distributions from or pursuant to a public retirement system of this  
21 state or a political subdivision of this state, or a public retirement system  
22 created by an Act of this state or a political subdivision of this state, or the  
23 public retirement system of any other state or local government;

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

28       “(D) Distributions or withdrawals from or pursuant to an eligible deferred  
29 compensation plan which satisfies the requirements of section 457 of the  
30 Internal Revenue Code;

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

4 “(F) Distributions or withdrawals from or pursuant to an employee an-  
5 nuity, including custodial accounts treated as annuities, subject to section  
6 403 (a) or (b) of the Internal Revenue Code.

7 “(f) ‘Social Security benefits’ means Social Security benefits, as defined  
8 in section 86 of the Internal Revenue Code (Title II Social Security or tier  
9 1 railroad retirement benefits).

10 “(3) If a change in the taxable year of the eligible individual occurs as  
11 described in ORS 314.085, or if the Department of Revenue terminates the tax  
12 year of the eligible individual under ORS 314.440, the credit allowed by this  
13 section shall be prorated or computed in a manner consistent with ORS  
14 314.085.

15 “(4) If a change in the status of the eligible individual from resident to  
16 nonresident or from nonresident to resident occurs, the credit allowed by this  
17 section shall be determined in a manner consistent with subsection (1) of this  
18 section.

19 **“SECTION 24.** ORS 317.010 is amended to read:

20 “317.010. As used in this chapter, unless the context requires otherwise:

21 “(1) ‘Centrally assessed corporation’ means every corporation the property  
22 of which is assessed by the Department of Revenue under ORS 308.505 to  
23 308.674.

24 “(2) ‘Department’ means the Department of Revenue.

25 “(3)(a) ‘Consolidated federal return’ means the return permitted or re-  
26 quired to be filed by a group of affiliated corporations under section 1501 of  
27 the Internal Revenue Code.

28 “(b) ‘Consolidated state return’ means the return required to be filed un-  
29 der ORS 317.710 (5).

30 “(4) ‘Doing business’ means any transaction or transactions in the course

1 of its activities conducted within the state by a national banking association,  
2 or any other corporation; provided, however, that a foreign corporation  
3 whose activities in this state are confined to purchases of personal property,  
4 and the storage thereof incident to shipment outside the state, shall not be  
5 deemed to be doing business unless such foreign corporation is an affiliate  
6 of another foreign or domestic corporation which is doing business in  
7 Oregon. Whether or not corporations are affiliated shall be determined as  
8 provided in section 1504 of the Internal Revenue Code.

9 “(5) ‘Excise tax’ means a tax measured by or according to net income  
10 imposed upon national banking associations, all other banks, and financial,  
11 centrally assessed, mercantile, manufacturing and business corporations for  
12 the privilege of carrying on or doing business in this state.

13 “(6) ‘Financial institution’ has the meaning given that term in ORS  
14 314.610 except that it does not include a credit union as defined in ORS  
15 723.006, an interstate credit union as defined in ORS 723.001 or a federal  
16 credit union.

17 “(7) ‘Internal Revenue Code,’ except where the Legislative Assembly has  
18 provided otherwise, refers to the laws of the United States or to the Internal  
19 Revenue Code as they are amended and in effect:

20 “(a) On [*December 31, 2018*] **April 1, 2021**; or

21 “(b) If related to the definition of taxable income, as applicable to the tax  
22 year of the taxpayer.

23 “(8) ‘Oregon taxable income’ means taxable income, less the deduction  
24 allowed under ORS 317.476, except as otherwise provided with respect to  
25 insurers in subsection (11) of this section and ORS 317.650 to 317.665.

26 “(9) ‘Oregon net loss’ means taxable loss, except as otherwise provided  
27 with respect to insurers in subsection (11) of this section and ORS 317.650  
28 to 317.665.

29 “(10) ‘Taxable income or loss’ means the taxable income or loss deter-  
30 mined, or in the case of a corporation for which no federal taxable income

1 or loss is determined, as would be determined, under chapter 1, Subtitle A  
2 of the Internal Revenue Code and any other laws of the United States re-  
3 lating to the determination of taxable income or loss of corporate taxpayers,  
4 with the additions, subtractions, adjustments and other modifications as are  
5 specifically prescribed by this chapter except that in determining taxable  
6 income or loss for any year, no deduction under ORS 317.476 or 317.478 and  
7 section 45b, chapter 293, Oregon Laws 1987, shall be allowed. If the corpo-  
8 ration is a corporation to which ORS 314.280 or 314.605 to 314.675 (requiring  
9 or permitting apportionment of income from transactions or activities carried  
10 on both within and without the state) applies, to derive taxable income or  
11 loss, the following shall occur:

12 “(a) From the amount otherwise determined under this subsection, sub-  
13 tract nonapportionable income, or add nonapportionable loss, whichever is  
14 applicable.

15 “(b) Multiply the amount determined under paragraph (a) of this sub-  
16 section by the Oregon apportionment percentage defined under ORS 314.280,  
17 314.650 or 314.667, whichever is applicable. The resulting product shall be  
18 Oregon apportioned income or loss.

19 “(c) To the amount determined as Oregon apportioned income or loss un-  
20 der paragraph (b) of this subsection, add nonapportionable income allocable  
21 entirely to Oregon under ORS 314.280 or 314.625 to 314.645, or subtract  
22 nonapportionable loss allocable entirely to Oregon under ORS 314.280 or  
23 314.625 to 314.645. The resulting figure is ‘taxable income or loss’ for those  
24 corporations carrying on taxable transactions or activities both within and  
25 without Oregon.

26 “(11) As used in ORS 317.122 and 317.650 to 317.665, ‘insurer’ means any  
27 domestic, foreign or alien insurer as defined in ORS 731.082 and any inter-  
28 insurance and reciprocal exchange and its attorney in fact with respect to  
29 its attorney in fact net income as a corporate attorney in fact acting as at-  
30 torney in compliance with ORS 731.458, 731.462, 731.466 and 731.470 for the

1 reciprocal or interinsurance exchange. However, ‘insurer’ does not include  
2 title insurers or health care service contractors operating pursuant to ORS  
3 750.005 to 750.095.

4 **“SECTION 25.** ORS 317.097 is amended to read:

5 “317.097. (1) As used in this section:

6 “(a) ‘Annual rate’ means the yearly interest rate specified on the note,  
7 and not the annual percentage rate, if any, disclosed to the applicant to  
8 comply with the federal Truth in Lending Act.

9 “(b) ‘Finance charge’ means the total of all interest, loan fees, interest  
10 on any loan fees financed by the lending institution, and other charges re-  
11 lated to the cost of obtaining credit.

12 “(c) ‘Lending institution’ means any insured institution, as that term is  
13 defined in ORS 706.008, any mortgage banking company that maintains an  
14 office in this state or any community development corporation that is or-  
15 ganized under the Oregon Nonprofit Corporation Law.

16 “(d) ‘Manufactured dwelling park’ has the meaning given that term in  
17 ORS 446.003.

18 “(e) ‘Nonprofit corporation’ means a corporation that is exempt from in-  
19 come taxes under section 501(c)(3) or (4) of the Internal Revenue Code as  
20 amended and in effect on [*December 31, 2018*] **April 1, 2021**.

21 “(f) ‘Preservation project’ means housing that was previously developed  
22 as affordable housing with a contract for rent assistance from the United  
23 States Department of Housing and Urban Development or the United States  
24 Department of Agriculture and that is being acquired by a sponsoring entity.

25 “(g) ‘Qualified assignee’ means any investor participating in the second-  
26 ary market for real estate loans.

27 “(h) ‘Qualified borrower’ means any borrower that is a sponsoring entity  
28 that has a controlling interest in the real property that is financed by a  
29 qualified loan. A controlling interest includes a controlling interest in the  
30 general partner of a limited partnership that owns the real property.

1 “(i) ‘Qualified loan’ means:

2 “(A) A loan that meets the criteria stated in subsection (5) of this section  
3 or that is made to refinance a loan that meets the criteria described in sub-  
4 section (5) of this section; or

5 “(B) The purchase by a lending institution of bonds, as defined in ORS  
6 286A.001, issued on behalf of the Housing and Community Services Depart-  
7 ment, the proceeds of which are used to finance or refinance a loan that  
8 meets the criteria described in subsection (5) of this section.

9 “(j) ‘Sponsoring entity’ means a nonprofit corporation, nonprofit cooper-  
10 ative, state governmental entity, local unit of government as defined in ORS  
11 466.706, housing authority or any other person, provided that the person has  
12 agreed to restrictive covenants imposed by a nonprofit corporation, nonprofit  
13 cooperative, state governmental entity, local unit of government or housing  
14 authority.

15 “(2) The Department of Revenue shall allow a credit against taxes other-  
16 wise due under this chapter for the tax year to a lending institution that  
17 makes a qualified loan certified by the Housing and Community Services  
18 Department as provided in subsection (7) of this section. The amount of the  
19 credit is equal to the difference between:

20 “(a) The amount of finance charge charged by the lending institution  
21 during the tax year at an annual rate less than the market rate for a quali-  
22 fied loan that is made before January 1, 2026, that complies with the re-  
23 quirements of this section; and

24 “(b) The amount of finance charge that would have been charged during  
25 the tax year by the lending institution for the qualified loan for housing  
26 construction, development, acquisition or rehabilitation measured at the an-  
27 nual rate charged by the lending institution for nonsubsidized loans made  
28 under like terms and conditions at the time the qualified loan for housing  
29 construction, development, acquisition or rehabilitation is made.

30 “(3) The maximum amount of credit for the difference between the

1 amounts described in subsection (2)(a) and (b) of this section may not exceed  
2 four percent of the average unpaid balance of the qualified loan during the  
3 tax year for which the credit is claimed.

4 “(4) Any tax credit allowed under this section that is not used by the  
5 taxpayer in a particular year may be carried forward and offset against the  
6 taxpayer’s tax liability for the next succeeding tax year. Any credit remain-  
7 ing unused in the next succeeding tax year may be carried forward and used  
8 in the second succeeding tax year, and likewise, any credit not used in that  
9 second succeeding tax year may be carried forward and used in the third  
10 succeeding tax year, and any credit not used in that third succeeding tax  
11 year may be carried forward and used in the fourth succeeding tax year, and  
12 any credit not used in that fourth succeeding tax year may be carried for-  
13 ward and used in the fifth succeeding tax year, but may not be carried for-  
14 ward for any tax year thereafter.

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

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

25 “(b) A qualified borrower who:

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

28 “(B) Provides a written certification executed by the Housing and Com-  
29 munity Services Department that the:

30 “(i) Housing created by the loan is or will be occupied by households



1 earning less than 80 percent of the area median income; and

2 “(ii) Full amount of savings from the reduced interest rate provided by  
3 the lending institution is or will be passed on to the tenants in the form of  
4 reduced housing payments;

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

6 “(A) Uses the loan proceeds to finance construction, development, acqui-  
7 sition or rehabilitation of housing consisting of a manufactured dwelling  
8 park; and

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

13 “(d) A qualified borrower who:

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

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

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

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

23 “(6) A loan made to refinance a loan that meets the criteria stated in  
24 subsection (5) of this section must be treated the same as a loan that meets  
25 the criteria stated in subsection (5) of this section.

26 “(7) For a qualified loan to be eligible for the tax credit allowable under  
27 this section, the Housing and Community Services Department must execute  
28 a written certification for the qualified loan that:

29 “(a) Specifies the period, not to exceed 20 years, as determined by the  
30 Housing and Community Services Department, during which the tax credit

1 is allowed for the qualified loan; and

2 “(b) States that the qualified loan is within the limitation imposed by  
3 subsection (8) of this section.

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

13 “(9) The tax credit provided for in this section may be taken whether or  
14 not:

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

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

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

27 “(11) A lending institution may sell a qualified loan for which a certi-  
28 fication has been executed to a qualified assignee whether or not the lending  
29 institution retains servicing of the qualified loan so long as a designated  
30 lending institution maintains records, annually verified by a loan servicer,

1 that establish the amount of tax credit earned by the taxpayer throughout  
2 each year of eligibility.

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

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

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

19 “(a) A nonprofit corporation, manufactured dwelling park nonprofit co-  
20 operative, state governmental entity, local unit of government as defined in  
21 ORS 466.706 or housing authority; or

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

26 “(15) The Department of Revenue may require that a lending institution  
27 that has earned the credit and a lending institution that intends to claim the  
28 credit jointly file a notice, as prescribed by the Department of Revenue. The  
29 notice must comply with ORS 315.056 (2) or 315.058 (2).

30 “(16) The Housing and Community Services Department shall provide in-

1 formation to the Department of Revenue about all certifications executed  
2 under this section, if required by ORS 315.058.

3 “(17) The Housing and Community Services Department and the Depart-  
4 ment of Revenue may adopt rules to carry out the provisions of this section.

5 **“SECTION 26.** ORS 317A.100, as amended by section 1, chapter 2, Oregon  
6 Laws 2020 (first special session), is amended to read:

7 “317A.100. As used in ORS 317A.100 to 317A.158:

8 “(1)(a) ‘Commercial activity’ means:

9 “(A) The total amount realized by a person, arising from transactions and  
10 activity in the regular course of the person’s trade or business, without de-  
11 duction for expenses incurred by the trade or business;

12 “(B) If received by a financial institution:

13 “(i) If the reporting person for a financial institution is a holding com-  
14 pany, all items of income reported on the FR Y-9 filed by the holding com-  
15 pany;

16 “(ii) If the reporting person for a financial institution is a bank organ-  
17 ization, all items of income reported on the call report filed by the bank or-  
18 ganization; and

19 “(iii) If the reporting person for a financial institution is a nonbank fi-  
20 nancial organization, all items of income reported in accordance with gen-  
21 erally accepted accounting principles; and

22 “(C)(i) If received by an insurer, as reported on the statement of premiums  
23 accompanying the annual statement required under ORS 731.574 to be filed  
24 with the Director of the Department of Consumer and Business Services, all  
25 gross direct life insurance premiums, gross direct accident and health insur-  
26 ance premiums and gross direct property and casualty insurance premiums;  
27 and

28 “(ii) The gross amount of surplus lines premiums received on Oregon  
29 home state risks as shown in the report required by ORS 735.465.

30 “(b) ‘Commercial activity’ does not include:

1 “(A) Interest income except:

2 “(i) Interest on credit sales; or

3 “(ii) Interest income, including service charges, received by financial in-  
4 stitutions;

5 “(B) Receipts from the sale, exchange or other disposition of an asset  
6 described in section 1221 or 1231 of the Internal Revenue Code, without re-  
7 gard to the length of time the person held the asset;

8 “(C) If received by an insurer, federally reinsured premiums or income  
9 from transactions between a reciprocal insurer and its attorney in fact op-  
10 erating under ORS 731.142;

11 “(D) Receipts from hedging transactions, to the extent that the trans-  
12 actions are entered into primarily to protect a financial position, including  
13 transactions intended to manage the risk of exposure to foreign currency  
14 fluctuations that affect assets, liabilities, profits, losses, equity or invest-  
15 ments in foreign operations, risk of exposure to interest rate fluctuations or  
16 risk of commodity price fluctuations;

17 “(E) Proceeds received attributable to the repayment, maturity or re-  
18 demption of the principal of a loan, bond, mutual fund, certificate of deposit  
19 or marketable instrument;

20 “(F) The principal amount received under a repurchase agreement or on  
21 account of any transaction properly characterized as a loan to the person;

22 “(G) Contributions received by a trust, plan or other arrangement, any  
23 of which is described in section 501(a) of the Internal Revenue Code, or to  
24 which title 26, subtitle A, chapter 1, subchapter (D) of the Internal Revenue  
25 Code applies;

26 “(H) Compensation, whether current or deferred, and whether in cash or  
27 in kind, received or to be received by an employee, a former employee or the  
28 employee’s legal successor for services rendered to or for an employer, in-  
29 cluding reimbursements received by or for an individual for medical or edu-  
30 cation expenses, health insurance premiums or employee expenses or on

1 account of a dependent care spending account, legal services plan, any cafe-  
2 teria plan described in section 125 of the Internal Revenue Code or any  
3 similar employee reimbursement;

4 “(I) Proceeds received from the issuance of the taxpayer’s own stock,  
5 options, warrants, puts or calls, or from the sale of the taxpayer’s treasury  
6 stock;

7 “(J) Proceeds received on the account of payments from insurance poli-  
8 cies, including crop insurance policies, owned by the taxpayer, except those  
9 proceeds received for the loss of commercial activity;

10 “(K) Gifts or charitable contributions received, membership dues received  
11 by trade, professional, homeowners’ or condominium associations, payments  
12 received for educational courses, meetings or meals, or similar payments to  
13 a trade, professional or other similar association, and fundraising receipts  
14 received by any person when any excess receipts are donated or used exclu-  
15 sively for charitable purposes;

16 “(L) Damages received as the result of litigation in excess of amounts  
17 that, if received without litigation, would be treated as commercial activity;

18 “(M) Property, money and other amounts received or acquired by an agent  
19 on behalf of another in excess of the agent’s commission, fee or other  
20 remuneration;

21 “(N) Tax refunds from any tax program, other tax benefit recoveries and  
22 reimbursements for the tax imposed under ORS 317A.100 to 317A.158 made  
23 by entities that are part of the same unitary group as provided under ORS  
24 317A.106, and reimbursements made by entities that are not members of a  
25 unitary group that are required to be made for economic parity among mul-  
26 tiple owners of an entity whose tax obligation under ORS 317A.100 to  
27 317A.158 is required to be reported and paid entirely by one owner, as pro-  
28 vided in ORS 317A.106;

29 “(O) Pension reversions;

30 “(P) Contributions to capital;

1       “(Q) Receipts from the sale, transfer, exchange or other disposition of  
2 motor vehicle fuel or any other product used for the propulsion of motor  
3 vehicles;

4       “(R) In the case of receipts from the sale of cigarettes or tobacco products  
5 by a wholesale dealer, retail dealer, distributor, manufacturer or seller, an  
6 amount equal to the federal and state excise taxes paid by any person on or  
7 for such cigarettes or tobacco products under subtitle E of the Internal  
8 Revenue Code or ORS chapter 323;

9       “(S) In the case of receipts from the sale of malt beverages or wine, as  
10 defined in ORS 471.001, cider, as defined in ORS 471.023 or distilled liquor,  
11 as defined in ORS 471.001, by a person holding a license issued under ORS  
12 chapter 471, an amount equal to the federal and state excise taxes paid by  
13 any person on or for such malt beverages, wine or distilled liquor under  
14 subtitle E of the Internal Revenue Code or ORS chapter 471 or 473, and any  
15 amount paid to the Oregon Liquor Control Commission for sales of distilled  
16 spirits by an agent appointed under ORS 471.750;

17       “(T) In the case of receipts from the sale of marijuana items, as defined  
18 in ORS 475B.015, by a person holding a license issued under ORS 475B.010  
19 to 475B.545, an amount equal to the federal and state excise taxes paid by  
20 any person on or for such marijuana items under subtitle E of the Internal  
21 Revenue Code or ORS 475B.700 to 475B.760 and any local retail taxes au-  
22 thorized under ORS 475B.491;

23       “(U) Local taxes collected by a restaurant or other food establishment on  
24 sales of meals, prepared food or beverages;

25       “(V) Tips or gratuities collected by a restaurant or other food establish-  
26 ment and passed on to employees;

27       “(W) Receipts realized by a vehicle dealer certified under ORS 822.020 or  
28 a person described in ORS 320.400 (8)(a)(B) from the sale or other transfer  
29 of a motor vehicle, as defined in ORS 801.360, to another vehicle dealer for  
30 the purpose of resale by the transferee vehicle dealer, but only if the sale

1 or other transfer was based upon the transferee's need to meet a specific  
2 customer's preference for a motor vehicle;

3 "(X) Registration fees or taxes collected by a vehicle dealer certified un-  
4 der ORS 822.020 or a person described in ORS 320.400 (8)(a)(B) at the sale  
5 or other transfer of a motor vehicle, as defined in ORS 801.360, that are owed  
6 to a third party by the purchaser of the motor vehicle and passed to the third  
7 party by the dealer;

8 "(Y) Receipts from a financial institution for services provided to the fi-  
9 nancial institution in connection with the issuance, processing, servicing and  
10 management of loans or credit accounts, if the financial institution and the  
11 recipient of the receipts have at least 50 percent of their ownership interests  
12 owned or controlled, directly or constructively through related interests, by  
13 common owners;

14 "(Z) In the case of amounts retained as commissions by a holder of a li-  
15 cense under ORS chapter 462, an amount equal to the amounts specified un-  
16 der ORS chapter 462 that must be paid to or collected by the Department of  
17 Revenue as a tax and the amounts specified under ORS chapter 462 to be  
18 used as purse money;

19 "(AA) Net revenue of residential care facilities as defined in ORS 443.400  
20 or in-home care agencies as defined in ORS 443.305, to the extent that the  
21 revenue is derived from or received as compensation for providing services  
22 to a medical assistance or Medicare recipient;

23 "(BB) Dividends received;

24 "(CC) Distributive income received from a pass-through entity;

25 "(DD) Receipts from sales to a wholesaler in this state, if the seller re-  
26 ceives certification at the time of sale from the wholesaler that the whole-  
27 saler will sell the purchased property outside this state;

28 "(EE) Receipts from the wholesale or retail sale of groceries;

29 "(FF) Receipts from transactions among members of a unitary group;

30 "(GG) Moneys, including public purpose charge moneys collected under



1 ORS 757.612 and costs of funding or implementing cost-effective energy con-  
2 servation measures collected under ORS 757.689, that are collected from  
3 customers, passed to a utility and approved by the Public Utility Commission  
4 and that support energy conservation, renewable resource acquisition and  
5 low-income assistance programs;

6 “(HH) Moneys collected by a utility from customers for the payment of  
7 loans through on-bill financing;

8 “(II) Surcharges collected under ORS 757.736;

9 “(JJ) Moneys passed to a utility by the Bonneville Power Administration  
10 for the purpose of effectuating the Regional Power Act Exchange credits or  
11 pursuant to any settlement associated with the exchange credit;

12 “(KK) Moneys collected or recovered, by entities listed in ORS 756.310,  
13 cable operators as defined in 47 U.S.C. 522(5), telecommunications carriers  
14 as defined in 47 U.S.C. 153(51) and providers of information services as de-  
15 fined in 47 U.S.C. 153(24), for fees payable under ORS 756.310, right-of-way  
16 fees, franchise fees, privilege taxes, federal taxes and local taxes;

17 “(LL) Charges paid to the Residential Service Protection Fund required  
18 by chapter 290, Oregon Laws 1987;

19 “(MM) Universal service surcharge moneys collected or recovered and  
20 paid into the universal service fund established in ORS 759.425;

21 “(NN) Moneys collected for public purpose funding as described in ORS  
22 759.430;

23 “(OO) Moneys collected or recovered and paid into the federal universal  
24 service fund as determined by the Federal Communications Commission;

25 “(PP) In the case of a seller or provider of telecommunications services,  
26 the amount of tax imposed under ORS 403.200 for access to the emergency  
27 communications system that is collected from subscribers or consumers;

28 “(QQ) In the case of a transient lodging tax collector, the amount of tax  
29 imposed under ORS 320.305 and of any local transient lodging tax imposed  
30 upon the occupancy of transit lodging;

1 “(RR) In the case of a seller of bicycles, the amount of tax imposed under  
2 ORS 320.415 upon retail sales of bicycles;

3 “(SS) In the case of a qualified heavy equipment provider, the amount of  
4 tax imposed under ORS 307.872 upon the rental price of heavy equipment;

5 “(TT) Farmer sales to an agricultural cooperative in this state that is a  
6 cooperative organization described in section 1381 of the Internal Revenue  
7 Code;

8 “(UU) Revenue received by a business entity that is mandated by contract  
9 or subcontract to be distributed to another person or entity if the revenue  
10 constitutes sales commissions that are paid to a person who is not an em-  
11 ployee of the business entity, including, without limitation, a split-fee real  
12 estate commission; and

13 “(VV) Receipts from the sale of fluid milk by dairy farmers that are not  
14 members of an agricultural cooperative.

15 “(2) ‘Cost inputs’ means:

16 “(a) The cost of goods sold as calculated in arriving at federal taxable  
17 income under the Internal Revenue Code; or

18 “(b) In the case of a taxpayer that is engaged in a farming operation, as  
19 defined in section 6, chapter 2, Oregon Laws 2020 (first special session), and  
20 that does not report cost of goods sold for federal tax purposes, the  
21 taxpayer’s operating expenses excluding labor costs.

22 “(3) ‘Doing business’ means engaging in any activity, whether legal or  
23 illegal, that is conducted for, or results in, the receipt of commercial activity  
24 at any time during a calendar year.

25 “(4) ‘Excluded person’ means any of the following:

26 “(a) Organizations described in sections 501(c) and 501(j) of the Internal  
27 Revenue Code, unless the exemption is denied under section 501(h), (i) or (m)  
28 or under section 502, 503 or 505 of the Internal Revenue Code.

29 “(b) Organizations described in section 501(d) of the Internal Revenue  
30 Code, unless the exemption is denied under section 502 or 503 of the Internal

1 Revenue Code.

2 “(c) Organizations described in section 501(e) of the Internal Revenue  
3 Code.

4 “(d) Organizations described in section 501(f) of the Internal Revenue  
5 Code.

6 “(e) Charitable risk pools described in section 501(n) of the Internal Rev-  
7 enue Code.

8 “(f) Organizations described in section 521 of the Internal Revenue Code.

9 “(g) Qualified state tuition programs described in section 529 of the  
10 Internal Revenue Code.

11 “(h) Foreign or alien insurance companies, but only with respect to the  
12 underwriting profit derived from writing wet marine and transportation in-  
13 surance subject to tax under ORS 731.824 and 731.828.

14 “(i) Governmental entities.

15 “(j) Any person with commercial activity that does not exceed \$750,000 for  
16 the calendar year, other than a person that is part of a unitary group as  
17 provided in ORS 317A.106 with commercial activity in excess of \$750,000.

18 “(k) Hospitals subject to assessment under ORS 414.855, long term care  
19 facilities subject to assessment under ORS 409.801 or any entity subject to  
20 assessment under ORS 414.880 or section 3 or 5, chapter 538, Oregon Laws  
21 2017.

22 “(L) Manufactured dwelling park nonprofit cooperatives organized under  
23 ORS chapter 62.

24 “(5) ‘Financial institution’ has the meaning given that term in ORS  
25 314.610, except that ‘financial institution’ does not include a credit union.

26 “(6)(a) ‘FR Y-9’ means the consolidated or parent-only financial state-  
27 ments that a holding company is required to file with the Federal Reserve  
28 Board pursuant to 12 U.S.C. 1844.

29 “(b) In the case of a holding company required to file both consolidated  
30 and parent-only financial statements, ‘FR Y-9’ means the consolidated finan-

1 cial statements that the holding company is required to file.

2 “(7) ‘Governmental entity’ means:

3 “(a) The United States and any of its unincorporated agencies and in-  
4 strumentalities.

5 “(b) Any incorporated agency or instrumentality of the United States  
6 wholly owned by the United States or by a corporation wholly owned by the  
7 United States.

8 “(c) The State of Oregon and any of its unincorporated agencies and in-  
9 strumentalities.

10 “(d) Any county, city, district or other political subdivision of the state.

11 “(e) A special government body as defined in ORS 174.117.

12 “(f) A federally recognized Indian tribe.

13 “(8) ‘Groceries’ means food as defined in 7 U.S.C. 2012(k), but does not  
14 include cannabinoid edibles or marijuana seeds.

15 “(9)(a) ‘Hedging transaction’ means a hedging transaction as defined in  
16 section 1221 of the Internal Revenue Code or a transaction accorded hedge  
17 accounting treatment under Financial Accounting Standards Board State-  
18 ment No. 133.

19 “(b) ‘Hedging transaction’ does not include a transaction in which an  
20 actual transfer of title of real or tangible property to another entity occurs.

21 “(10) ‘Insurer’ has the meaning given that term in ORS 317.010.

22 “(11) ‘Internal Revenue Code,’ except where the Legislative Assembly has  
23 provided otherwise, refers to the laws of the United States or to the Internal  
24 Revenue Code as they are amended and in effect on [*December 31, 2018*] **April**  
25 **1, 2021**.

26 “(12) ‘Labor costs’ means total compensation of all employees, not to in-  
27 clude compensation paid to any single employee in excess of \$500,000.

28 “(13)(a) ‘Motor vehicle fuel or any other product used for the propulsion  
29 of motor vehicles’ means:

30 “(A) Motor vehicle fuel as defined in ORS 319.010; and

1 “(B) Fuel the use of which in a motor vehicle is subject to taxation under  
2 ORS 319.530.

3 “(b) ‘Motor vehicle fuel or any other product used for the propulsion of  
4 motor vehicles’ does not mean:

5 “(A) Electricity; or

6 “(B) Electric batteries or any other mechanical or physical component or  
7 accessory of a motor vehicle.

8 “(14) ‘Person’ includes individuals, combinations of individuals of any  
9 form, receivers, assignees, trustees in bankruptcy, firms, companies, joint-  
10 stock companies, business trusts, estates, partnerships, limited liability  
11 partnerships, limited liability companies, associations, joint ventures, clubs,  
12 societies, entities organized as for-profit corporations under ORS chapter 60,  
13 C corporations, S corporations, qualified subchapter S subsidiaries, qualified  
14 subchapter S trusts, trusts, entities that are disregarded for federal income  
15 tax purposes and any other entities.

16 “(15) ‘Retailer’ means a person doing business by selling tangible personal  
17 property to a purchaser for a purpose other than:

18 “(a) Resale by the purchaser of the property as tangible personal property  
19 in the regular course of business;

20 “(b) Incorporation by the purchaser of the property in the course of reg-  
21 ular business as an ingredient or component of real or personal property; or

22 “(c) Consumption by the purchaser of the property in the production for  
23 sale of a new article of tangible personal property.

24 “(16) ‘Taxable commercial activity’ means commercial activity sourced to  
25 this state under ORS 317A.128, less any subtraction pursuant to ORS  
26 317A.119.

27 “(17)(a) ‘Taxpayer’ means any person or unitary group required to regis-  
28 ter, file or pay tax under ORS 317A.100 to 317A.158.

29 “(b) ‘Taxpayer’ does not include excluded persons, except to the extent  
30 that a tax-exempt entity has unrelated business income as described in the

1 Internal Revenue Code.

2 “(18)(a) ‘Unitary business’ means a business enterprise in which there  
3 exists directly or indirectly between the members or parts of the enterprise  
4 a sharing or exchange of value as demonstrated by:

5 “(A) Centralized management or a common executive force;

6 “(B) Centralized administrative services or functions resulting in econo-  
7 mies of scale; or

8 “(C) Flow of goods, capital resources or services demonstrating functional  
9 integration.

10 “(b) ‘Unitary business’ may include a business enterprise the activities  
11 of which:

12 “(A) Are in the same general line of business, such as manufacturing,  
13 wholesaling or retailing; or

14 “(B) Constitute steps in a vertically integrated process, such as the steps  
15 involved in the production of natural resources, which might include explo-  
16 ration, mining, refining and marketing.

17 “(19) ‘Unitary group’ means a group of persons with more than 50 percent  
18 common ownership, either direct or indirect, that is engaged in business ac-  
19 tivities that constitute a unitary business.

20 “(20) ‘Wholesaler’ means a person primarily doing business by merchant  
21 distribution of tangible personal property to retailers or to other whole-  
22 salers.

23 **“SECTION 27.** ORS 458.670 is amended to read:

24 “458.670. As used in this section and ORS 458.675 to 458.700, unless the  
25 context requires otherwise:

26 “(1) ‘Account holder’ means a resident of this state who:

27 “(a) Is 12 years of age or older;

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

29 “(c) Has established an individual development account with a fiduciary  
30 organization.

1 “(2) ‘Fiduciary organization’ means an organization selected under ORS  
2 458.695 to administer state moneys directed to individual development ac-  
3 counts and that is:

4 “(a) A nonprofit, fund raising organization that is exempt from taxation  
5 under section 501(c)(3) of the Internal Revenue Code as amended and in ef-  
6 fect on [*December 31, 2018*] **April 1, 2021**; or

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

9 “(3) ‘Financial institution’ means:

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

11 “(b) In the case of individual development accounts established for the  
12 purpose described in ORS 458.685 (1)(c), a financial institution as defined in  
13 ORS 178.300.

14 “(4) ‘Individual development account’ means a contract between an ac-  
15 count holder and a fiduciary organization, for the deposit of funds into a fi-  
16 nancial institution by the account holder, and the deposit of matching funds  
17 into the financial institution by the fiduciary organization, to allow the ac-  
18 count holder to accumulate assets for use toward achieving a specific pur-  
19 pose approved by the fiduciary organization.

20 “(5) ‘Lower income household’ means a household having an income equal  
21 to or less than the greater of the following:

22 “(a) 80 percent of the median household income for the area as determined  
23 by the Housing and Community Services Department. In making the deter-  
24 mination, the department shall give consideration to any data on area  
25 household income published by the United States Department of Housing and  
26 Urban Development.

27 “(b) 200 percent of the poverty guidelines as determined by the Housing  
28 and Community Services Department. In making the determination, the de-  
29 partment shall give consideration to poverty guidelines published by the  
30 United States Department of Health and Human Services and may consider

1 other income data periodically published by other federal or Oregon agen-  
2 cies.

3 “(6) ‘Resident of this state’ has the meaning given that term in ORS  
4 316.027.

5 **“SECTION 28.** ORS 657.010 is amended to read:

6 “657.010. As used in this chapter, unless the context requires otherwise:

7 “(1) ‘Base year’ means the first four of the last five completed calendar  
8 quarters preceding the benefit year.

9 “(2) ‘Benefits’ means the money allowances payable to unemployed per-  
10 sons under this chapter.

11 “(3) ‘Benefit year’ means a period of 52 consecutive weeks commencing  
12 with the first week with respect to which an individual files an initial valid  
13 claim for benefits, and thereafter the 52 consecutive weeks period beginning  
14 with the first week with respect to which the individual next files an initial  
15 valid claim after the termination of the individual’s last preceding benefit  
16 year except that the benefit year shall be 53 weeks if the filing of an initial  
17 valid claim would result in overlapping any quarter of the base year of a  
18 previously filed initial valid claim.

19 “(4) ‘Calendar quarter’ means the period of three consecutive calendar  
20 months ending on March 31, June 30, September 30 or December 31, or the  
21 approximate equivalent thereof, as the Director of the Employment Depart-  
22 ment may, by regulation, prescribe.

23 “(5) ‘Contribution’ or ‘contributions’ means the taxes, as defined in sub-  
24 section (13) of this section, that are the money payments required by this  
25 chapter, or voluntary payments permitted, to be made to the Unemployment  
26 Compensation Trust Fund.

27 “(6) ‘Educational institution,’ including an institution of higher education  
28 as defined in subsection (9) of this section, means an institution:

29 “(a) In which participants, trainees or students are offered an organized  
30 course of study or training designed to transfer to them knowledge, skills,



1 information, doctrines, attitudes or abilities from, by or under the guidance  
2 of an instructor or teacher;

3 “(b) That is accredited, registered, approved, licensed or issued a permit  
4 to operate as a school by the Department of Education or other government  
5 agency, or that offers courses for credit that are transferable to an approved,  
6 registered or accredited school;

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

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

12 “(7) ‘Employment office’ means a free public employment office or branch  
13 thereof, operated by this state or maintained as a part of a state-controlled  
14 system of public employment offices.

15 “(8) ‘Hospital’ means an organization that has been licensed, certified or  
16 approved by the Oregon Health Authority as a hospital.

17 “(9) ‘Institution of higher education’ means an educational institution  
18 that:

19 “(a) Admits as regular students only individuals having a certificate of  
20 graduation from a high school, or the recognized equivalent of such a cer-  
21 tificate;

22 “(b) Is legally authorized in this state to provide a program of education  
23 beyond high school;

24 “(c) Provides an educational program for which it awards a bachelor’s or  
25 higher degree, or provides a program that is acceptable for full credit toward  
26 such a degree, a program of post-graduate or post-doctoral studies, or a pro-  
27 gram of training to prepare students for gainful employment in a recognized  
28 occupation; and

29 “(d) Is a public or other nonprofit institution.

30 “(10) ‘Internal Revenue Code’ means the federal Internal Revenue Code,

1 as amended and in effect on [December 31, 2018] **April 1, 2021.**

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

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

11 “(13) ‘Taxes’ means the money payments to the Unemployment Compens-  
12 sation Trust Fund required, or voluntary payments permitted, by this chap-  
13 ter.

14 “(14) ‘Valid claim’ means any claim for benefits made in accordance with  
15 ORS 657.260 if the individual meets the wages-paid-for-employment require-  
16 ments of ORS 657.150.

17 “(15) ‘Week’ means any period of seven consecutive calendar days ending  
18 at midnight, as the director may, by regulation, prescribe. The director may  
19 by regulation prescribe that a ‘week’ shall be ‘in,’ ‘within,’ or ‘during’ the  
20 calendar quarter that includes the greater part of such week.

21 **“SECTION 29.** ORS 657B.010 is amended to read:

22 “657B.010. As used in this chapter:

23 “(1) ‘Alternate base year’ means the last four completed calendar quarters  
24 preceding the benefit year.

25 “(2) ‘Average weekly wage’ means the amount calculated by the Employ-  
26 ment Department as the state average weekly covered wage under ORS  
27 657.150 (4)(d) as determined not more than once per year.

28 “(3) ‘Base year’ means the first four of the last five completed calendar  
29 quarters preceding the benefit year.

30 “(4) ‘Benefits’ means family and medical leave insurance benefits.

1 “(5) ‘Benefit year’ means the 12-month period as determined by the Di-  
2 rector of the Employment Department by rule under ORS 657B.340.

3 “(6) ‘Child’ means:

4 “(a) A biological child, adopted child, stepchild or foster child of a cov-  
5 ered individual or of the covered individual’s spouse or domestic partner;

6 “(b) A person who is or was a legal ward of a covered individual or of  
7 the covered individual’s spouse or domestic partner; or

8 “(c) A person who is or was in a relationship of in loco parentis with a  
9 covered individual or with the covered individual’s spouse or domestic part-  
10 ner.

11 “(7) ‘Contribution’ or ‘contributions’ means the money payments made by  
12 any of the following under ORS 657B.150:

13 “(a) An employer;

14 “(b) An eligible employee;

15 “(c) A self-employed individual;

16 “(d) A tribal government; or

17 “(e) An employee of a tribal government.

18 “(8) ‘Covered individual’ means any one of the following who qualifies to  
19 receive family and medical leave insurance benefits:

20 “(a) An eligible employee;

21 “(b) A self-employed individual; or

22 “(c) An employee of a tribal government.

23 “(9) ‘Domestic partner’ means an individual joined in a domestic part-  
24 nership.

25 “(10) ‘Domestic partnership’ has the meaning given that term in ORS  
26 106.310.

27 “(11) ‘Eligible employee’ means:

28 “(a)(A) An employee who has earned at least \$1,000 in wages during the  
29 base year; or

30 “(B) If an employee has not earned at least \$1,000 in wages during the

1 base year, an employee who has earned at least \$1,000 in wages during the  
2 alternate base year; and

3 “(b) Who may apply for paid family and medical leave insurance benefits  
4 under ORS 657B.015.

5 “(12) ‘Eligible employee’s average weekly wage’ means an amount calcu-  
6 lated by the Director of the Employment Department by dividing the total  
7 wages earned by an eligible employee during the base year by the number  
8 of weeks in the base year.

9 “(13)(a) ‘Employee’ means:

10 “(A) An individual performing services for an employer for remuneration  
11 or under any contract of hire, written or oral, express or implied.

12 “(B) A home care worker as defined in ORS 410.600.

13 “(b) ‘Employee’ does not include:

14 “(A) An independent contractor as defined in ORS 670.600.

15 “(B) A participant in a work training program administered under a state  
16 or federal assistance program.

17 “(C) A participant in a work-study program that provides students in  
18 secondary or postsecondary educational institutions with employment op-  
19 portunities for financial assistance or vocational training.

20 “(D) A railroad worker exempted under the federal Railroad Unemploy-  
21 ment Insurance Act.

22 “(E) A volunteer.

23 “(14)(a) ‘Employer’ means any person that employs one or more employees  
24 working anywhere in this state or any agent or employee of such person to  
25 whom the duties of the person under this chapter have been delegated.

26 “(b) ‘Employer’ includes:

27 “(A) A political subdivision of this state or any county, city, district,  
28 authority or public corporation, or any instrumentality of a county, city,  
29 district, authority or public corporation, organized and existing under law  
30 or charter;

1 “(B) An individual;

2 “(C) Any type of organization, corporation, partnership, limited liability  
3 company, association, trust, estate, joint stock company or insurance com-  
4 pany;

5 “(D) Any successor in interest to an entity described in subparagraph (C)  
6 of this paragraph;

7 “(E) A trustee, trustee in bankruptcy or receiver; or

8 “(F) A trustee or legal representative of a deceased person.

9 “(c) ‘Employer’ does not include the federal government or a tribal gov-  
10 ernment.

11 “(15) ‘Employment agency’ has the meaning given that term in ORS  
12 658.005.

13 “(16) ‘Family and medical leave insurance benefits’ means the wage re-  
14 placement benefits that are available to a covered individual under ORS  
15 657B.050 or under the terms of an employer plan approved under ORS  
16 657B.210, for family leave, medical leave or safe leave.

17 “(17)(a) ‘Family leave’ means leave from work taken by a covered indi-  
18 vidual:

19 “(A) To care for and bond with a child during the first year after the  
20 child’s birth or during the first year after the placement of the child through  
21 foster care or adoption; or

22 “(B) To care for a family member with a serious health condition.

23 “(b) ‘Family leave’ does not mean:

24 “(A) Leave described in ORS 659A.159 (1)(d);

25 “(B) Leave described in ORS 659A.159 (1)(e); or

26 “(C) Leave authorized under ORS 659A.093.

27 “(18) ‘Family member’ means:

28 “(a) The spouse of a covered individual;

29 “(b) A child of a covered individual or the child’s spouse or domestic  
30 partner;

1 “(c) A parent of a covered individual or the parent’s spouse or domestic  
2 partner;

3 “(d) A sibling or stepsibling of a covered individual or the sibling’s or  
4 stepsibling’s spouse or domestic partner;

5 “(e) A grandparent of a covered individual or the grandparent’s spouse  
6 or domestic partner;

7 “(f) A grandchild of a covered individual or the grandchild’s spouse or  
8 domestic partner;

9 “(g) The domestic partner of a covered individual; or

10 “(h) Any individual related by blood or affinity whose close association  
11 with a covered individual is the equivalent of a family relationship.

12 “(19) ‘Medical leave’ means leave from work taken by a covered individual  
13 that is made necessary by the individual’s own serious health condition.

14 “(20) ‘Parent’ means:

15 “(a) A biological parent, adoptive parent, stepparent or foster parent of  
16 a covered individual;

17 “(b) A person who was a foster parent of a covered individual when the  
18 covered individual was a minor;

19 “(c) A person designated as the legal guardian of a covered individual at  
20 the time the covered individual was a minor or required a legal guardian;

21 “(d) A person with whom a covered individual was or is in a relationship  
22 of in loco parentis; or

23 “(e) A parent of a covered individual’s spouse or domestic partner who  
24 meets a description under paragraphs (a) to (d) of this subsection.

25 “(21) ‘Safe leave’ means leave taken for any purpose described in 659A.272.

26 “(22) ‘Self-employed individual’ means:

27 “(a) An individual who has self-employment income as defined in section  
28 1402(b) of the Internal Revenue Code as amended and in effect on [*December*  
29 *31, 2018*] **April 1, 2021**; or

30 “(b) An independent contractor as defined in ORS 670.600.

1 “(23) ‘Serious health condition’ has the meaning given that term in ORS  
2 659A.150.

3 “(24) ‘Third party administrator’ means a third party that enters into an  
4 agreement with the Director of the Employment Department to implement  
5 and administer the paid family and medical leave program established under  
6 this chapter.

7 “(25) ‘Tribal government’ has the meaning given that term in ORS  
8 181A.680.

9 “(26) ‘Wages’ has the meaning given that term in ORS 657.105.

10 **“SECTION 30. (1) Except as provided in subsections (2) and (3) of  
11 this section, the amendments to statutes by sections 1 to 29 of this 2021  
12 Act apply to transactions or activities occurring on or after January  
13 1, 2021, in tax years beginning on or after January 1, 2021.**

14 **“(2) The effective and applicable dates, and the exceptions, special  
15 rules and coordination with the Internal Revenue Code, as amended,  
16 relative to those dates, contained in federal law amending the Internal  
17 Revenue Code and enacted before January 1, 2021, apply for Oregon  
18 personal income and corporate excise and income tax purposes, to the  
19 extent they can be made applicable, in the same manner as they are  
20 applied under the Internal Revenue Code and related federal law.**

21 **“(3)(a) If a deficiency is assessed against any taxpayer for a tax year  
22 beginning before January 1, 2021, and the deficiency or any portion  
23 thereof is attributable to any retroactive treatment under the amend-  
24 ments to ORS 178.300, 305.230, 305.494, 305.690, 305.842, 314.011, 314.306,  
25 315.004, 316.012, 316.147, 316.157, 317.010, 317.097 and 317A.100 by sections  
26 1 and 14 to 26 of this 2021 Act, then any interest or penalty assessed  
27 under ORS chapter 305, 314, 315, 316, 317 or 318 with respect to the de-  
28 ficiency or portion thereof shall be canceled.**

29 **“(b) If a refund is due any taxpayer for a tax year beginning before  
30 January 1, 2021, and the refund or any portion thereof is due the tax-**

1 payer on account of any retroactive treatment under the amendments  
2 to ORS 178.300, 305.230, 305.494, 305.690, 305.842, 314.011, 314.306, 315.004,  
3 316.012, 316.147, 316.157, 317.010, 317.097 and 317A.100 by sections 1 and  
4 14 to 26 of this 2021 Act, for a tax year beginning before January 1,  
5 2021, then notwithstanding ORS 305.270 or 314.415 or any other law, the  
6 refund or portion thereof shall be paid without interest.

7 “(c) Any changes required because of the amendments to ORS  
8 178.300, 305.230, 305.494, 305.690, 305.842, 314.011, 314.306, 315.004, 316.012,  
9 316.147, 316.157, 317.010, 317.097 and 317A.100 by sections 1 and 14 to 26  
10 of this 2021 Act, for a tax year beginning before January 1, 2021, shall  
11 be made by filing an amended return within the time prescribed by  
12 law.

13 “(d) If a taxpayer fails to file an amended return under paragraph  
14 (c) of this subsection, the Department of Revenue shall make any  
15 changes under paragraph (c) of this subsection on the return to which  
16 the changes relate within the period specified for issuing a notice of  
17 deficiency or claiming a refund as otherwise provided by law with re-  
18 spect to that return, or within one year after a return for a tax year  
19 beginning on or after January 1, 2021, and before January 1, 2022, is  
20 filed, whichever period expires later.

21 “SECTION 31. This 2021 Act takes effect on the 91st day after the  
22 date on which the 2021 regular session of the Eighty-first Legislative  
23 Assembly adjourns sine die.”

24