

SENATE AMENDMENTS TO SENATE BILL 1507

By COMMITTEE ON FINANCE AND REVENUE

February 13

1 On page 1 of the printed bill, line 2, after “amending” delete the rest of the line and insert
2 “ORS 178.300, 178.375, 238A.005, 238A.125, 238A.150, 238A.170, 238A.230, 238A.370, 238A.400,
3 238A.410, 238A.415, 238A.430, 238A.435, 305.239, 305.494, 305.690, 305.842, 314.011, 314.306, 314.772,
4 315.004, 315.266, 316.012, 316.147, 316.157, 317.010, 317.097, 317A.100, 458.670, 657.010 and
5 657B.010;”.

6 Delete lines 5 through 27 and delete pages 2 through 5 and insert:

7 “**SECTION 1. Section 2 of this 2026 Act is added to and made a part of ORS chapter 316.**

8 “**SECTION 2. There shall be added to federal taxable income an amount equal to qualified**
9 **passenger vehicle loan interest paid by the taxpayer and deducted on the taxpayer’s federal**
10 **income tax return in the tax year, as provided in section 163(h)(4) of the Internal Revenue**
11 **Code.**

12 “**SECTION 3.** ORS 315.266 is amended to read:

13 “315.266. (1)(a) In addition to any other credit available for purposes of ORS chapter 316, an
14 eligible resident individual shall be allowed a credit against the tax otherwise due under ORS
15 chapter 316 for the tax year in an amount equal to [nine] **14** percent of the earned income credit
16 allowable to the individual for the same tax year under section 32 of the Internal Revenue Code.

17 “(b) Notwithstanding paragraph (a) of this subsection, for a taxpayer with a dependent under the
18 age of three at the close of the tax year, the credit allowed under this section shall be in an amount
19 equal to [12] **17** percent of the earned income credit allowable to the individual for the same tax
20 year under section 32 of the Internal Revenue Code.

21 “(2) A resident individual may claim a credit under this section, using either a Social Security
22 number or an individual taxpayer identification number, if, but for section 32(m) of the Internal
23 Revenue Code, the individual would otherwise be eligible to claim a credit under section 32 of the
24 Internal Revenue Code. The credit allowed as provided in this subsection shall equal the percent-
25 age, as stated in subsection (1) of this section, of the amount that would be allowed on a federal
26 return, based on the amount of the individual’s earned income and the other provisions of section
27 32 of the Internal Revenue Code.

28 “(3) An eligible nonresident individual shall be allowed the credit computed in the same manner
29 and subject to the same limitations as the credit allowed a resident by subsection (1) or (2) of this
30 section. However, the credit shall be prorated using the proportion provided in ORS 316.117.

31 “(4) If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or if the
32 Department of Revenue terminates the taxpayer’s taxable year under ORS 314.440, the credit al-
33 lowed by this section shall be prorated or computed in a manner consistent with ORS 314.085.

34 “(5) If a change in the status of a taxpayer from resident to nonresident or from nonresident to
35 resident occurs, the credit allowed by this section shall be determined in a manner consistent with

1 ORS 316.117.

2 “(6) If the amount allowable as a credit under this section, when added to the sum of the
3 amounts allowable as payment of tax under ORS 316.187 or 316.583, other tax prepayment amounts
4 and other refundable credit amounts, exceeds the taxes imposed by ORS chapters 314 and 316 for
5 the tax year after application of any nonrefundable credits allowable for purposes of ORS chapter
6 316 for the tax year, the amount of the excess shall be refunded to the taxpayer as provided in ORS
7 316.502.

8 “(7) The Department of Revenue may adopt rules for purposes of this section, including but not
9 limited to rules relating to proof of eligibility, the furnishing of information regarding the federal
10 earned income credit claimed by the taxpayer for the tax year and policies and guidelines for the
11 determination of the amount of credit allowed under subsection (2) of this section.

12 “(8) Refunds attributable to the earned income credit allowed under this section do not bear
13 interest.

14 **“SECTION 4. Section 5 of this 2026 Act is added to and made a part of ORS chapter 316.**

15 **“SECTION 5. There shall be added to federal taxable income an amount equal to any gain
16 from the exchange or sale of qualified small business stock that is received by the taxpayer
17 and excluded from income on the taxpayer’s federal income tax return in the tax year, as
18 provided in section 1202 of the Internal Revenue Code.**

19 **“SECTION 6. Section 7 of this 2026 Act is added to and made a part of ORS chapter 316.**

20 **“SECTION 7. (1) There shall be added to federal taxable income for Oregon tax purposes
21 the difference between the amount allowable as a deduction under section 168(k) of the
22 Internal Revenue Code as applicable to the tax year of the taxpayer and the amount allow-
23 able as a deduction under section 168(k) of the Internal Revenue Code as amended and in
24 effect on December 1, 2017, as applicable to the tax year of the taxpayer.**

25 **“(2) Amounts added to federal taxable income for Oregon tax purposes under subsection
26 (1) of this section may thereafter be subtracted from federal taxable income for Oregon tax
27 purposes in the tax year for which the amounts would have been allowed as a deduction on
28 the taxpayer’s federal income tax return under the Internal Revenue Code as amended and
29 in effect on December 1, 2017, as applicable to the tax year of the taxpayer.**

30 **“SECTION 8. Section 9 of this 2026 Act is added to and made a part of ORS chapter 317.**

31 **“SECTION 9. (1) There shall be added to federal taxable income for Oregon tax purposes
32 the difference between the amount allowable as a deduction under section 168(k) of the
33 Internal Revenue Code as applicable to the tax year of the taxpayer and the amount allow-
34 able as a deduction under section 168(k) of the Internal Revenue Code as amended and in
35 effect on December 1, 2017, as applicable to the tax year of the taxpayer.**

36 **“(2) Amounts added to federal taxable income for Oregon tax purposes under subsection
37 (1) of this section may thereafter be subtracted from federal taxable income for Oregon tax
38 purposes in the tax year for which the amounts would have been allowed as a deduction on
39 the taxpayer’s federal income tax return under the Internal Revenue Code as amended and
40 in effect on December 1, 2017, as applicable to the tax year of the taxpayer.**

41 **“SECTION 10. (1) Sections 2 and 5 of this 2026 Act and the amendments to ORS 315.266
42 by section 3 of this 2026 Act apply to tax years beginning on or after January 1, 2026.**

43 **“(2) Sections 7 and 9 of this 2026 Act apply to property that is placed in service in tax
44 years beginning on or after January 1, 2026.**

45 **“SECTION 11. Section 12 of this 2026 Act is added to and made a part of ORS chapter 315.**

1 **“SECTION 12. (1) A credit against taxes that are otherwise due under ORS chapter 316**
2 **or, if the taxpayer is a corporation, under ORS chapter 317 or 318 is allowed to a taxpayer**
3 **for each new job in Oregon created by the taxpayer during the tax year.**

4 **“(2)(a) The credit allowed under this section shall be in the amount of \$1,000 for each net**
5 **new job created by a taxpayer in the tax year, but a taxpayer may not be certified for and**
6 **may not receive a credit for more than 10 new jobs created per tax year.**

7 **“(b) In order to be considered in the determination under this section of the eligibility**
8 **and allowable credit amount for any taxpayer, an employment position must have compen-**
9 **sation that is equal to or greater than 150 percent of the applicable minimum wage deter-**
10 **mined under ORS 653.025.**

11 **“(c) The number of net new jobs created by the taxpayer in a tax year shall be deter-**
12 **mined by comparing the average annual covered employment of the taxpayer for the 12**
13 **months ending on June 30 of the calendar year in which the taxpayer’s tax year began and**
14 **for which the credit is sought, with the 12 months ending on June 30 of the immediately**
15 **preceding calendar year.**

16 **“(3) Prior to claiming the credit allowed under this section, a taxpayer seeking to claim**
17 **the credit is required to receive written certification of eligibility from the Oregon Business**
18 **Development Department. In order to receive certification, a taxpayer must attest that the**
19 **taxpayer has created new jobs sufficient to be eligible for the amount of credit sought, has**
20 **met the wage requirements of subsection (2)(b) of this section and is otherwise in compliance**
21 **with this section. The certification shall indicate the amount of the credit to which the**
22 **taxpayer is entitled for the tax year.**

23 **“(4) The credit allowed under this section may not exceed the tax liability of the taxpayer**
24 **for the tax year.**

25 **“(5) Any tax credit otherwise allowable under this section that is not used by the tax-**
26 **payer in a particular tax year may be carried forward and offset against the taxpayer’s tax**
27 **liability for the next succeeding tax year. Any credit remaining unused in the next succeed-**
28 **ing tax year may be carried forward and used in the second succeeding tax year, and likewise**
29 **any credit not used in that second succeeding tax year may be carried forward and used in**
30 **the third succeeding tax year but may not be carried forward for any other succeeding tax**
31 **year.**

32 **“(6) The Oregon Business Development Department shall provide information to the De-**
33 **partment of Revenue about all taxpayers that are eligible for a tax credit under this section,**
34 **if required by ORS 315.058.**

35 **“(7) Information received by the Oregon Business Development Department pursuant to**
36 **this section may be used only for the purpose of certification and administration of the**
37 **credit. The Oregon Business Development Department may disclose this information to en-**
38 **tities other than the Department of Revenue only if the information is sufficiently aggre-**
39 **gated or anonymized to protect the identity and confidential information of taxpayers.**

40 **“(8) The Director of the Oregon Business Development Department may order the sus-**
41 **pension or revocation of a certification issued under this section, as provided in ORS 315.061.**

42 **“(9) The Oregon Business Development Department shall by rule establish:**

43 **“(a) The form and content of and deadlines for applications for the credit allowed under**
44 **this section.**

45 **“(b) Methodology for determining net new jobs created, as provided in subsection (2) of**

1 this section, in the instance of a merger, conversion, reorganization, consolidation or acqui-
2 sition affecting a taxpayer.

3 **“SECTION 13. At the time of certification, the total amount of potential tax credits al-
4 lowed under section 12 of this 2026 Act, for all taxpayers in this state, may not exceed \$12.5
5 million for any tax year. If the Oregon Business Development Department receives applica-
6 tions for the credit sufficient to exceed this amount, the department shall by rule propor-
7 tionately reduce the amount of certified credits among all taxpayers applying for the credit.**

8 **“SECTION 14. Section 12 of this 2026 Act applies to tax years beginning on or after Jan-
9 uary 1, 2026, and before January 1, 2032.**

10 **“SECTION 15. ORS 314.772 is amended to read:**

11 **“314.772. (1) Except as provided in ORS 314.766 (5)(b), the tax credits allowed or allowable to
12 a C corporation for purposes of ORS chapter 317 or 318 shall not be allowed to an S corporation.
13 The business tax credits allowed or allowable for purposes of ORS chapter 316 shall be allowed or
14 are allowable to the shareholders of the S corporation.**

15 **“(2) In determining the tax imposed under ORS chapter 316, as provided under ORS 314.763, on
16 income of the shareholder of an S corporation, there shall be taken into account the shareholder’s
17 pro rata share of business tax credit (or item thereof) that would be allowed to the corporation (but
18 for subsection (1) of this section) or recapture or recovery thereof. The credit (or item thereof), re-
19 capture or recovery shall be passed through to shareholders in pro rata shares as determined in the
20 manner prescribed under section 1377(a) of the Internal Revenue Code.**

21 **“(3) The character of any item included in a shareholder’s pro rata share under subsection (2)
22 of this section shall be determined as if such item were realized directly from the source from which
23 realized by the corporation, or incurred in the same manner as incurred by the corporation.**

24 **“(4) If the shareholder is a nonresident and there is a requirement applicable for the business
25 tax credit that in the case of a nonresident the credit be allowed in the proportion provided in ORS
26 316.117, then that provision shall apply to the nonresident shareholder.**

27 **“(5) As used in this section, ‘business tax credit’ means the following credits: ORS 315.104
28 (forestation and reforestation), ORS 315.124 (small forest option), ORS 315.133 (agricultural overtime
29 pay), ORS 315.138 (fish screening, by-pass devices, fishways), ORS 315.141 (biomass production for
30 biofuel), ORS 315.156 (crop gleanings), ORS 315.164 and 315.169 (agriculture workforce housing), ORS
31 315.176 (bovine manure), ORS 315.204 (dependent care assistance), ORS 315.208 (dependent care fa-
32 cilities), ORS 315.213 (contributions for child care), ORS 315.237 (employee and dependent scholar-
33 ships), ORS 315.271 (individual development accounts), ORS 315.283 (affordable housing sales), ORS
34 315.304 (pollution control facility), ORS 315.326 (renewable energy development contributions), ORS
35 315.331 (energy conservation projects), ORS 315.336 (transportation projects), ORS 315.341
36 (renewable energy resource equipment manufacturing facilities), ORS 315.354 and 469B.151 (energy
37 conservation facilities), ORS 315.506 (tribal taxes on reservation enterprise zones and reservation
38 partnership zones), ORS 315.507 (electronic commerce), ORS 315.514 (film production development
39 contributions), ORS 315.518 (semiconductors), ORS 315.523 (employee training programs), ORS
40 315.533 (low income community jobs initiative), ORS 315.593 (short line railroads), ORS 315.640
41 (university venture development funds), ORS 315.643 (Opportunity Grant Fund contributions), ORS
42 315.675 (Trust for Cultural Development Account contributions), ORS 317.097 (loans for affordable
43 housing), ORS 317.124 (long term enterprise zone facilities) and ORS 317.147 (loans for agriculture
44 workforce housing) and section 9, chapter 774, Oregon Laws 2013 (alternative fuel vehicle contri-
45 butions), and section 12 of this 2026 Act (new jobs).**

1 “**SECTION 16.** ORS 178.300 is amended to read:

2 “178.300. As used in ORS 178.300 to 178.360:

3 “(1) ‘Account’ means an individual account established in accordance with ORS 178.300 to
4 178.360.

5 “(2) ‘Account owner’ means the person who has the right to withdraw funds from the account.
6 The account owner may also be the designated beneficiary of the account.

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

8 “(4) ‘Designated beneficiary’ means, except as provided in ORS 178.350, the individual designated
9 at the time the account is opened as having the right to receive a qualified withdrawal for the
10 payment of qualified higher education expenses, or if the designated beneficiary is replaced in ac-
11 cordance with ORS 178.350, the replacement.

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

15 “(6) ‘Higher education institution’ means an eligible education institution as defined in section
16 529(e)(5) of the Internal Revenue Code.

17 “(7) ‘Internal Revenue Code’ means the federal Internal Revenue Code as amended and in effect
18 on December 31, [2023] **2025**.

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

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

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

24 “(11) ‘Qualified higher education expenses’ means tuition and other permitted expenses as set
25 forth in section 529(e) of the Internal Revenue Code for the enrollment or attendance of a designated
26 beneficiary at a higher education institution, expenses associated with registered apprenticeship
27 programs described in section 529(c)(8) of the Internal Revenue Code and amounts paid as principal
28 or interest on a qualified education loan to the extent allowed under section 529(c)(9) of the Internal
29 Revenue Code.

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

32 “(a) From an account to pay the qualified higher education expenses of the designated benefi-
33 ciary;

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

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

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

39 “**SECTION 17.** ORS 178.375 is amended to read:

40 “178.375. As used in this section and ORS 178.380 and 178.385:

41 “(1) ‘ABLE account’ means an account established by an eligible individual, owned by the eli-
42 gible individual and maintained under the qualified ABLE program established by the Oregon 529
43 Savings Board under ORS 178.380.

44 “(2) ‘ABLE Act’ means the Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014
45 (Division B of P.L. 113-295).

1 “(3) ‘Designated beneficiary’ has the same meaning as contained in section 529A of the Internal
2 Revenue Code.

3 “(4) ‘Eligible individual’ has the same meaning as contained in section 529A of the Internal Re-
4 venue Code.

5 “(5) ‘Internal Revenue Code’ means the federal Internal Revenue Code as amended and in effect
6 on December 31, [2023] **2025**.

7 “(6) ‘Qualified disability expense’ has the same meaning as contained in section 529A of the
8 Internal Revenue Code.

9 “**SECTION 18.** ORS 238A.005 is amended to read:

10 “238A.005. For the purposes of this chapter:

11 “(1) ‘Active member’ means a member of the pension program or the individual account program
12 of the Oregon Public Service Retirement Plan who is actively employed in a qualifying position.

13 “(2) ‘Actuarial equivalent’ means a payment or series of payments having the same value as the
14 payment or series of payments replaced, computed on the basis of interest rate and mortality as-
15 sumptions adopted by the board.

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

17 “(4) ‘Eligible employee’ means a person who performs services for a participating public em-
18 ployer, including persons considered employees of a participating public employer under 26 U.S.C.
19 3121(d)(2), as in effect on January 1, [2024] **2026**, and elected officials other than judges. ‘Eligible
20 employee’ does not include:

21 “(a) Persons engaged as independent contractors;

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

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

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

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

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

28 “(g) An employee actively participating in an alternative retirement program established under
29 ORS 353.250 or an optional retirement plan established under ORS 341.551;

30 “(h) Employees of a public university listed in ORS 352.002 who are actively participating in an
31 optional retirement plan offered under ORS 243.815;

32 “(i) Persons employed in positions classified as post-doctoral scholar positions by a public uni-
33 versity listed in ORS 352.002, or by the Oregon Health and Science University, under ORS 350.370;

34 “(j) Any employee who belongs to a class of employees that was not eligible on August 28, 2003,
35 for membership in the system under the provisions of ORS chapter 238 or other law;

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

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

40 “(m) Judges.

41 “(5) ‘Firefighter’ means:

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

44 “(b) The State Fire Marshal, chief deputy state fire marshals and deputy state fire marshals;

45 “(c) An employee of the State Fire Marshal whose primary duties include fire investigation, fire

1 prevention, fire safety, fire control or fire suppression;

2 “(d) An employee of the State Forestry Department who is certified by the State Forester as a
3 professional wildland firefighter and whose primary duties include the abatement of uncontrolled
4 fires as described in ORS 477.064; and

5 “(e) An employee of the Oregon Military Department whose primary duties include fighting
6 structural, aircraft, wildland or other fires.

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

8 “(7)(a) ‘Hour of service’ means:

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

11 “(B) An hour of vacation, holiday, illness, incapacity, jury duty, military duty or authorized
12 leave during which an employee does not perform duties but for which the employee is directly or
13 indirectly paid or entitled to payment by a participating public employer for services in a qualifying
14 position, as long as the hour is within the number of hours regularly scheduled for the performance
15 of duties during the period of vacation, holiday, illness, incapacity, jury duty, military duty or au-
16 thorized leave.

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

19 “(8) ‘Inactive member’ means a member of the pension program or the individual account pro-
20 gram of the Oregon Public Service Retirement Plan whose membership has not been terminated, who
21 is not a retired member and who is not employed in a qualifying position.

22 “(9) ‘Individual account program’ means the defined contribution individual account program of
23 the Oregon Public Service Retirement Plan established under ORS 238A.025.

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

26 “(11) ‘Member’ means an eligible employee who has established membership in the pension pro-
27 gram or the individual account program of the Oregon Public Service Retirement Plan and whose
28 membership has not been terminated under ORS 238A.110 or 238A.310.

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

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

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

34 “(15) ‘Qualifying position’ means one or more jobs with one or more participating public em-
35 ployers in which an eligible employee performs 600 or more hours of service in a full calendar year,
36 or would perform 600 or more hours of service if the employee were employed for the full calendar
37 year, excluding any service in a job for which benefits are not provided under the Oregon Public
38 Service Retirement Plan pursuant to ORS 238A.070 (2).

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

41 “(17)(a) ‘Salary’ means the remuneration paid to an active member in return for services to the
42 participating public employer, including remuneration in the form of living quarters, board or other
43 items of value, to the extent the remuneration is, or would be if the member were an Oregon resi-
44 dent, includable in the employee’s taxable income under Oregon law. ‘Salary’ includes the additional
45 amounts specified in paragraph (b) of this subsection, but does not include the amounts specified in

1 paragraph (c) of this subsection, regardless of whether those amounts are includable in taxable in-
2 come.

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

4 “(A) Payments of employee and employer money into a deferred compensation plan that are
5 made at the election of the employee.

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

8 “(C) Any amount that is contributed to a cafeteria plan or qualified transportation fringe benefit
9 plan by the employer at the election of the employee and that is not includable in the taxable in-
10 come of the employee by reason of 26 U.S.C. 125 or 132(f)(4), as in effect on December 31, [2023]
11 **2025**.

12 “(D) Any amount that is contributed to a cash or deferred arrangement by the employer at the
13 election of the employee and that is not included in the taxable income of the employee by reason
14 of 26 U.S.C. 402(e)(3), as in effect on December 31, [2023] **2025**.

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

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

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

21 “(H) Wages of a deceased member paid to a surviving spouse or dependent children under ORS
22 652.190.

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

24 “(A) Travel or any other expenses incidental to employer’s business which is reimbursed by the
25 employer.

26 “(B) Payments made on account of an employee’s death.

27 “(C) Any lump sum payment for accumulated unused sick leave, vacation leave or other paid
28 leave.

29 “(D) Any severance payment, accelerated payment of an employment contract for a future period
30 or advance against future wages.

31 “(E) Any retirement incentive, retirement bonus or retirement gratuitous payment.

32 “(F) Payment for a leave of absence after the date the employer and employee have agreed that
33 no future services in a qualifying position will be performed.

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

38 “(H) The amount of an employee contribution to the individual account program that is paid by
39 the employer and is not deducted from the compensation of the employee, as provided under ORS
40 238A.335 (1) and (2)(b).

41 “(I) Compensation described and authorized under ORS 341.556 that is not paid by the commu-
42 nity college employing the faculty member.

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

45 “(K) Compensation described and authorized under ORS 353.270 that is not paid by Oregon

1 Health and Science University.

2 “(L) For years before 2020, any amount in excess of \$200,000 for a calendar year. If any period
3 over which salary is determined is less than 12 months, the \$200,000 limitation for that period shall
4 be multiplied by a fraction, the numerator of which is the number of months in the determination
5 period and the denominator of which is 12. The board shall adopt rules adjusting this dollar limit
6 to incorporate cost-of-living adjustments authorized by the Internal Revenue Service.

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

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

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

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

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

18 “**SECTION 19.** ORS 238A.005, as amended by section 2, chapter 101, Oregon Laws 2024, is
19 amended to read:

20 “238A.005. For the purposes of this chapter:

21 “(1) ‘Active member’ means a member of the pension program or the individual account program
22 of the Oregon Public Service Retirement Plan who is actively employed in a qualifying position.

23 “(2) ‘Actuarial equivalent’ means a payment or series of payments having the same value as the
24 payment or series of payments replaced, computed on the basis of interest rate and mortality as-
25 sumptions adopted by the board.

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

27 “(4) ‘Eligible employee’ means a person who performs services for a participating public em-
28 ployer, including persons considered employees of a participating public employer under 26 U.S.C.
29 3121(d)(2), as in effect on January 1, [2024] **2026**, and elected officials other than judges. ‘Eligible
30 employee’ does not include:

31 “(a) Persons engaged as independent contractors;

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

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

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

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

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

38 “(g) An employee actively participating in an alternative retirement program established under
39 ORS 353.250 or an optional retirement plan established under ORS 341.551;

40 “(h) Employees of a public university listed in ORS 352.002 who are actively participating in an
41 optional retirement plan offered under ORS 243.815;

42 “(i) Persons employed in positions classified as post-doctoral scholar positions by a public uni-
43 versity listed in ORS 352.002, or by the Oregon Health and Science University, under ORS 350.370;

44 “(j) Any employee who belongs to a class of employees that was not eligible on August 28, 2003,
45 for membership in the system under the provisions of ORS chapter 238 or other law;

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

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

5 “(m) Judges.

6 “(5) ‘Firefighter’ means:

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

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

10 “(c) An employee of the State Fire Marshal whose primary duties include fire investigation, fire
11 prevention, fire safety, fire control or fire suppression;

12 “(d) An employee of the State Forestry Department who is certified by the State Forester as a
13 professional wildland firefighter and whose primary duties include the abatement of uncontrolled
14 fires as described in ORS 477.064; and

15 “(e) An employee of the Oregon Military Department whose primary duties include fighting
16 structural, aircraft, wildland or other fires.

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

18 “(7)(a) ‘Hazardous position’ means a position that does not meet the definition of a qualified
19 public safety employee under section 72(t)(10)(B) of the Internal Revenue Code, but that:

20 “(A) Requires the person holding the position to work with or manage emergency or traumatic
21 events in the regular course of work; or

22 “(B) Carries a high risk of physical harm.

23 “(b) ‘Hazardous position’ includes and is limited to:

24 “(A) Employees of the Oregon State Hospital who have direct contact with patients; and

25 “(B) Telecommunicators, as defined in ORS 181A.355.

26 “(8)(a) ‘Hour of service’ means:

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

29 “(B) An hour of vacation, holiday, illness, incapacity, jury duty, military duty or authorized
30 leave during which an employee does not perform duties but for which the employee is directly or
31 indirectly paid or entitled to payment by a participating public employer for services in a qualifying
32 position, as long as the hour is within the number of hours regularly scheduled for the performance
33 of duties during the period of vacation, holiday, illness, incapacity, jury duty, military duty or au-
34 thorized leave.

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

37 “(9) ‘Inactive member’ means a member of the pension program or the individual account pro-
38 gram of the Oregon Public Service Retirement Plan whose membership has not been terminated, who
39 is not a retired member and who is not employed in a qualifying position.

40 “(10) ‘Individual account program’ means the defined contribution individual account program
41 of the Oregon Public Service Retirement Plan established under ORS 238A.025.

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

44 “(12) ‘Member’ means an eligible employee who has established membership in the pension pro-
45 gram or the individual account program of the Oregon Public Service Retirement Plan and whose

1 membership has not been terminated under ORS 238A.110 or 238A.310.

2 “(13) ‘Participating public employer’ means a public employer as defined in ORS 238.005 that
3 provides retirement benefits for employees of the public employer under the system.

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

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

7 “(16) ‘Qualifying position’ means one or more jobs with one or more participating public em-
8 ployers in which an eligible employee performs 600 or more hours of service in a full calendar year,
9 or would perform 600 or more hours of service if the employee were employed for the full calendar
10 year, excluding any service in a job for which benefits are not provided under the Oregon Public
11 Service Retirement Plan pursuant to ORS 238A.070 (2).

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

14 “(18)(a) ‘Salary’ means the remuneration paid to an active member in return for services to the
15 participating public employer, including remuneration in the form of living quarters, board or other
16 items of value, to the extent the remuneration is, or would be if the member were an Oregon resi-
17 dent, includable in the employee’s taxable income under Oregon law. ‘Salary’ includes the additional
18 amounts specified in paragraph (b) of this subsection, but does not include the amounts specified in
19 paragraph (c) of this subsection, regardless of whether those amounts are includable in taxable in-
20 come.

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

22 “(A) Payments of employee and employer money into a deferred compensation plan that are
23 made at the election of the employee.

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

26 “(C) Any amount that is contributed to a cafeteria plan or qualified transportation fringe benefit
27 plan by the employer at the election of the employee and that is not includable in the taxable in-
28 come of the employee by reason of 26 U.S.C. 125 or 132(f)(4), as in effect on December 31, [2023]
29 **2025**.

30 “(D) Any amount that is contributed to a cash or deferred arrangement by the employer at the
31 election of the employee and that is not included in the taxable income of the employee by reason
32 of 26 U.S.C. 402(e)(3), as in effect on December 31, [2023] **2025**.

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

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

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

39 “(H) Wages of a deceased member paid to a surviving spouse or dependent children under ORS
40 652.190.

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

42 “(A) Travel or any other expenses incidental to employer’s business which is reimbursed by the
43 employer.

44 “(B) Payments made on account of an employee’s death.

45 “(C) Any lump sum payment for accumulated unused sick leave, vacation leave or other paid

1 leave.

2 “(D) Any severance payment, accelerated payment of an employment contract for a future period
3 or advance against future wages.

4 “(E) Any retirement incentive, retirement bonus or retirement gratuitous payment.

5 “(F) Payment for a leave of absence after the date the employer and employee have agreed that
6 no future services in a qualifying position will be performed.

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

11 “(H) The amount of an employee contribution to the individual account program that is paid by
12 the employer and is not deducted from the compensation of the employee, as provided under ORS
13 238A.335 (1) and (2)(b).

14 “(I) Compensation described and authorized under ORS 341.556 that is not paid by the commu-
15 nity college employing the faculty member.

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

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

20 “(L) For years before 2020, any amount in excess of \$200,000 for a calendar year. If any period
21 over which salary is determined is less than 12 months, the \$200,000 limitation for that period shall
22 be multiplied by a fraction, the numerator of which is the number of months in the determination
23 period and the denominator of which is 12. The board shall adopt rules adjusting this dollar limit
24 to incorporate cost-of-living adjustments authorized by the Internal Revenue Service.

25 “(M) For years beginning on or after January 1, 2020, any amount in excess of \$195,000 for a
26 calendar year. If any period over which salary is determined is less than 12 months, the \$195,000
27 limitation for that period shall be multiplied by a fraction, the numerator of which is the number
28 of months in the determination period and the denominator of which is 12. On January 1 of each
29 year, the board shall adjust the dollar limit provided by this subparagraph to reflect any percentage
30 changes in the Consumer Price Index for All Urban Consumers, West Region (All Items), as pub-
31 lished by the Bureau of Labor Statistics of the United States Department of Labor.

32 “(19) ‘System’ means the Public Employees Retirement System.

33 “(20) ‘Workers’ compensation benefits’ means:

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

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

36 “**SECTION 20.** ORS 238A.125 is amended to read:

37 “238A.125. (1) Upon retiring at normal retirement age, a vested pension program member shall
38 be paid an annual pension for the life of the member as follows:

39 “(a) For service as a police officer or firefighter, 1.8 percent of final average salary multiplied
40 by the number of years of retirement credit attributable to service as a police officer or firefighter.

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

44 “(2) Notwithstanding any provision of ORS 238A.100 to 238A.250, the annual benefit payable to
45 a member under the pension program and under any other tax-qualified defined benefit plan main-

1 tained by the participating public employer may not exceed the applicable limitations set forth in
2 26 U.S.C. 415(b), as in effect on December 31, [2023] **2025**. The Public Employees Retirement Board
3 shall adopt rules for the administration of this limitation, including adjustments in the annual dollar
4 limitation to reflect cost-of-living adjustments authorized by the Internal Revenue Service.

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

7 “**SECTION 21.** ORS 238A.125, as amended by section 3, chapter 101, Oregon Laws 2024, is
8 amended to read:

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

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

13 “(b) For service in a hazardous position, 1.8 percent of final average salary multiplied by the
14 number of years of retirement credit attributable to service in a hazardous position.

15 “(c) For service as other than a police officer or firefighter or in a hazardous position, 1.5 per-
16 cent of final average salary multiplied by the number of years of retirement credit attributable to
17 service as other than a police officer or firefighter or in a hazardous position.

18 “(2) Notwithstanding any provision of ORS 238A.100 to 238A.250, the annual benefit payable to
19 a member under the pension program and under any other tax-qualified defined benefit plan main-
20 tained by the participating public employer may not exceed the applicable limitations set forth in
21 26 U.S.C. 415(b), as in effect on December 31, [2023] **2025**. The Public Employees Retirement Board
22 shall adopt rules for the administration of this limitation, including adjustments in the annual dollar
23 limitation to reflect cost-of-living adjustments authorized by the Internal Revenue Service.

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

26 “**SECTION 22.** ORS 238A.150 is amended to read:

27 “238A.150. (1) Notwithstanding any other provision of ORS 238A.100 to 238A.250, an eligible
28 employee who leaves a qualifying position for the purpose of performing service in the uniformed
29 services, and who subsequently returns to employment with a participating public employer with
30 reemployment rights under federal law, is entitled to accrue retirement credit, credit toward the
31 probationary period required by ORS 238A.100 and credit toward the vesting requirements of ORS
32 238A.115 under rules adopted by the Public Employees Retirement Board pursuant to subsection (2)
33 of this section.

34 “(2) The board shall adopt rules establishing benefits and service credit for any period of service
35 in the uniformed services by an employee described in subsection (1) of this section. For the purpose
36 of adopting rules under this subsection, the board shall consider and take into account all federal
37 law relating to benefits and service credit for any period of service in the uniformed services, in-
38 cluding 26 U.S.C. 414(u), as in effect on December 31, [2023] **2025**. Benefits and service credit under
39 rules adopted by the board pursuant to this subsection may not exceed benefits and service credit
40 required under federal law for periods of service in the uniformed services.

41 “**SECTION 23.** ORS 238A.170 is amended to read:

42 “238A.170. (1) An active member of the pension program who is 72 years of age or older must
43 retire not later than April 1 of the calendar year following the calendar year in which the member
44 terminates employment with all participating public employers. An inactive member of the pension
45 program must retire not later than April 1 of the calendar year following the calendar year in which

1 the member attains 72 years of age.

2 “(2) Notwithstanding any other provision of ORS 238A.100 to 238A.250, the entire interest of a
3 member of the pension program must be distributed over a time period commencing no later than
4 the required beginning date set forth in subsection (1) of this section, and must be distributed in a
5 manner that satisfies all other minimum distribution requirements of 26 U.S.C. 401(a)(9) and regu-
6 lations implementing that section, as in effect on January 1, [2024] **2026**. The Public Employees Re-
7 tirement Board shall adopt rules implementing those minimum distribution requirements.

8 “**SECTION 24.** ORS 238A.230 is amended to read:

9 “238A.230. (1) If a member of the pension program who is vested dies before the member’s ef-
10 fective date of retirement, the Public Employees Retirement Board shall pay the death benefit pro-
11 vided for in this section to:

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

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

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

18 “(2) The death benefit to be paid under this subsection is for the life of the member’s spouse,
19 former spouse or other person who is constitutionally required to be treated in the same manner
20 as a spouse, and is:

21 “(a) If the member dies before the earliest retirement date for the member under ORS 238A.165,
22 the actuarial equivalent of 50 percent of the pension that would otherwise have been paid to the
23 deceased member, which shall be calculated as if the member became an inactive member on the
24 date of death and retired at the earliest retirement date for the member as described in ORS
25 238A.165;

26 “(b) If the member dies on or after the earliest retirement date for the member under ORS
27 238A.165 and before normal retirement age under ORS 238A.160, the actuarial equivalent of the
28 pension that would otherwise have been paid to the deceased member, which shall be calculated as
29 if the member retired under ORS 238A.185 and as if the member’s retirement date was the first of
30 the month following the date of death of the member; or

31 “(c) If the member dies on or after reaching normal retirement age as described in ORS
32 238A.160, the actuarial equivalent of the pension that would otherwise have been paid to the de-
33 ceased member, which shall be calculated under ORS 238A.125 as if the member’s retirement date
34 was the first of the month following the date of death of the member.

35 “(3) The death benefit provided under this section is first effective on the first day of the month
36 following the date of death of the member.

37 “(4) The surviving spouse or other person who is constitutionally required to be treated in the
38 same manner as a spouse for the purpose of retirement benefits may elect to delay payment of the
39 death benefit, which shall be actuarially adjusted for age and interest when payments commence,
40 but payment must commence no later than December 31 of the calendar year in which the member
41 would have reached 72 years of age. If a person who delays payment under this subsection dies be-
42 fore payments commence:

43 “(a) The person’s beneficiary shall receive, in a lump sum, the sum of the payments the person
44 would have received had the person not elected to delay payment of the death benefit.

45 “(b) If the person who delays payment under this subsection has not designated a beneficiary,

1 the person's benefit shall be paid to a personal representative appointed for the person's estate.

2 “(5) Notwithstanding any other provision of ORS 238A.100 to 238A.250, distributions of death
3 benefits under the pension program must comply with the minimum distribution requirements of 26
4 U.S.C. 401(a)(9) and the regulations implementing that section, as in effect on January 1, [2024]
5 **2026**. The board shall adopt rules implementing those minimum distribution requirements.

6 “**SECTION 25.** ORS 238A.370 is amended to read:

7 “238A.370. Notwithstanding any other provision of ORS 238A.300 to 238A.415, the annual addi-
8 tion to the employee and employer accounts of a member of the individual account program for a
9 calendar year, together with the annual additions to the accounts of the member under any other
10 defined contribution plan maintained by the participating public employer for a calendar year, may
11 not exceed the lesser of \$40,000, or 100 percent of the member's compensation for that calendar year.
12 For purposes of this section, ‘annual addition’ has the meaning given that term in 26 U.S.C. 415(c)(2),
13 as in effect on December 31, [2023] **2025**, and ‘compensation’ has the meaning given the term
14 ‘participant's compensation’ in 26 U.S.C. 415(c)(3), as in effect on December 31, [2023] **2025**. The
15 Public Employees Retirement Board shall adopt rules for the administration of this limitation, in-
16 cluding adjustments in the annual dollar limitation to reflect cost-of-living adjustments authorized
17 by the Internal Revenue Service.

18 “**SECTION 26.** ORS 238A.400 is amended to read:

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

23 “(2) In lieu of a lump sum payment under subsection (1) of this section, a member of the indi-
24 vidual account program may elect to receive the amounts in the member's employee account and
25 employer account, to the extent the member is vested in those accounts under ORS 238A.320, in
26 substantially equal installments paid over a period of 5, 10, 15 or 20 years, or over a period that is
27 equal to the anticipated life span of the member as actuarially determined by the Public Employees
28 Retirement Board. Installments may be made on a monthly, quarterly or annual basis. In no event
29 may the period selected by the member exceed the time allowed by the minimum distribution re-
30 quirements described in subsection (5) of this section. The board shall by rule establish the manner
31 in which installments will be adjusted to reflect investment gains and losses on the unpaid balance
32 during the payout period elected by the member under this subsection. The board by rule may es-
33 tablish minimum monthly amounts payable under this subsection. The board may require that a
34 lump sum payment, or an installment schedule different than the schedules provided for in this
35 subsection, be used to pay the vested amounts in the member's accounts if those amounts are not
36 adequate to generate the minimum monthly amounts specified by the rule.

37 “(3) A member of the individual account program electing to receive installments under sub-
38 section (2) of this section must designate a beneficiary or beneficiaries. In the event the member dies
39 before all amounts in the employee and vested employer accounts are paid, the remaining account
40 balance shall be paid in a lump sum distribution to the beneficiary or beneficiaries designated by
41 the member.

42 “(4) A member who is entitled to receive retirement benefits under ORS chapter 238 may receive
43 vested amounts in the member's employee account, rollover account and employer account in the
44 manner provided by this section when the member retires for service under the provisions of ORS
45 chapter 238.

1 “(5) Notwithstanding any other provision of ORS 238A.300 to 238A.415, the entire interest of a
2 member of the individual account program must be distributed over a time period commencing no
3 later than the latest retirement date set forth in ORS 238A.170, and must be distributed in a manner
4 that satisfies all other minimum distribution requirements of 26 U.S.C. 401(a)(9) and regulations im-
5 plementing that section, as in effect on January 1, [2024] 2026. The board shall adopt rules imple-
6 menting those minimum distribution requirements.

7 “**SECTION 27.** ORS 238A.410 is amended to read:

8 “238A.410. (1)(a) If a member of the individual account program dies before retirement, the
9 amounts in the member’s employee account, rollover account and employer account, to the extent
10 the member is vested in those accounts under ORS 238A.320, shall be paid in a lump sum to the
11 beneficiary or beneficiaries designated by the member for the purposes of this section.

12 “(b) If a member of the individual account program dies before retirement, the amounts in the
13 employee pension stability account established for the member under ORS 238A.353 shall be applied
14 by the Public Employees Retirement Board to pay the costs of any benefit payable under ORS
15 238.395 or 238A.230 that accrues on or after July 1, 2020. If the amounts in the employee pension
16 stability account exceed the costs of the benefit payable under ORS 238.395 or 238A.230 that accrues
17 on or after July 1, 2020, the excess amounts shall be paid in a lump sum to the beneficiary or ben-
18 eficiaries designated by the member for the purposes of this section.

19 “(2) If a member of the individual account program is married at the time of death, or there
20 exists at the time of death any other person who is constitutionally required to be treated in the
21 same manner as a spouse for the purpose of retirement benefits, the spouse or other person shall
22 be the beneficiary for purposes of the death benefit payable under this section unless the spouse or
23 other person consents to the designation of a different beneficiary or beneficiaries before the des-
24 ignation has been made and the consent has not been revoked by the spouse or other person as of
25 the time of the member’s death. Consent and revocation of consent must be in writing, acknowledged
26 by a notary public, and submitted to the Public Employees Retirement Board in accordance with
27 rules adopted by the board. If the member’s spouse is designated as the member’s beneficiary and
28 the marriage of the member and spouse is subsequently dissolved, the former spouse shall be treated
29 as predeceasing the member for purposes of this section, unless the member expressly designates the
30 former spouse as beneficiary after the effective date of the dissolution or the former spouse is re-
31 quired to be designated as a beneficiary under the provisions of ORS 238.465.

32 “(3) For purposes of this section and ORS 238A.400 (3), if a member fails to designate a benefi-
33 ciary, or if the person or persons designated do not survive the member, the death benefit provided
34 for in this section shall be paid to the following person or persons, in the following order of priority:

35 “(a) The member’s surviving spouse or other person who is constitutionally required to be
36 treated in the same manner as a spouse;

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

38 “(c) The member’s estate.

39 “(4) If a small estate affidavit has been filed under ORS 114.505 to 114.560, and the death benefit
40 does not exceed the maximum amount of personal property for which a small estate affidavit may
41 be filed under ORS 114.505 to 114.560, the board shall pay the death benefit to the person who filed
42 the affidavit, if the member’s estate is the designated beneficiary or is receiving the payment under
43 subsection (3) of this section.

44 “(5) The entire amount of a deceased member’s vested accounts must be distributed by December
45 31 of the fifth calendar year after the year in which the member died. Notwithstanding any other

1 provision of this chapter, distributions of death benefits under the individual account program must
2 comply with the minimum distribution requirements of 26 U.S.C. 401(a)(9) and the regulations im-
3 plementing that section, as in effect on January 1, [2024] **2026**. The Public Employees Retirement
4 Board shall adopt rules implementing those minimum distribution requirements.

5 “**SECTION 28.** ORS 238A.415 is amended to read:

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

12 “(2) The board shall adopt rules establishing contributions and service credit for any period of
13 service in the uniformed services by an employee described in subsection (1) of this section. For the
14 purpose of adopting rules under this subsection, the board shall consider and take into account all
15 federal law relating to benefits and service credit for any period of service in the uniformed ser-
16 vices, including 26 U.S.C. 414(u), as in effect on December 31, [2023] **2025**. Contributions and service
17 credit under rules adopted by the board pursuant to this subsection may not exceed contributions
18 and service credit required under federal law for periods of service in the uniformed services.

19 “**SECTION 29.** ORS 238A.430 is amended to read:

20 “238A.430. (1) To the extent required by law, and except as otherwise provided by rules adopted
21 by the Public Employees Retirement Board under subsection (4) of this section, any portion of a
22 distribution of benefits described in subsection (2) of this section shall, at the election of and in lieu
23 of distribution to the distributee, be paid directly to an eligible retirement plan specified by the
24 distributee.

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

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

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

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

33 “(3) The provisions of subsection (1) of this section apply to any portion of a distribution of
34 benefits under the pension program or the individual account program even though the portion
35 consists of after-tax employee contributions that are not includable in gross income. Any portion of
36 a distribution that consists of after-tax employee contributions that are not includable in gross in-
37 come may be transferred only to an individual retirement account or annuity described in 26 U.S.C.
38 408(a) or (b), or to a qualified defined contribution or defined benefit plan described in 26 U.S.C.
39 401(a) or 403(b) that agrees to account separately for amounts transferred, including accounting
40 separately for the portion of the distribution that is includable in gross income and the portion of
41 the distribution that is not includable in gross income. The amount transferred shall be treated as
42 consisting first of the portion of the distribution that is includable in gross income, determined
43 without regard to 26 U.S.C. 402(c)(1).

44 “(4) The board shall adopt rules implementing the direct rollover requirements of 26 U.S.C.
45 401(a)(31) and the regulations implementing that section, and may adopt administrative exceptions

1 to the direct rollover requirements to the extent permitted by 26 U.S.C. 401(a)(31) and the regu-
2 lations implementing that section.

3 “(5) All references in this section to federal laws and regulations are to the laws and regulations
4 in effect on December 31, [2023] **2025**.

5 “(6) For purposes of this section:

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

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

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

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

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

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

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

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

19 “**SECTION 30.** ORS 238A.435 is amended to read:

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

26 “(2) Subsection (1) of this section applies to an eligible rollover distribution of death benefits to
27 a beneficiary who is not treated as the spouse of the decedent for federal tax purposes and who is
28 the decedent’s designated beneficiary for the purposes of the minimum required distribution re-
29 quirements of 26 U.S.C. 401(a)(9). To the extent provided by rules of the Public Employees Retire-
30 ment Board, a trust maintained for the benefit of one or more beneficiaries must be treated by the
31 board in the same manner as a trust that is designated as a beneficiary for the purposes of the
32 minimum required distribution requirements of 26 U.S.C. 401(a)(9).

33 “(3) As used in this section, ‘eligible rollover distribution’ has the meaning given that term in
34 26 U.S.C. 402(c)(4), as in effect on December 31, [2023] **2025**.

35 “**SECTION 31.** ORS 305.239 is amended to read:

36 “305.239. (1) Notwithstanding ORS 9.320:

37 “(a) Any person who is qualified to practice law or public accountancy in this state, any person
38 who has been granted active enrollment to practice before the Internal Revenue Service and who
39 is qualified to prepare tax returns in this state or any person who is the authorized employee of a
40 taxpayer and is regularly employed by the taxpayer in tax matters may represent the taxpayer be-
41 fore a tax court magistrate or the Department of Revenue in any conference or proceeding with
42 respect to the administration of any tax.

43 “(b) Any person who is licensed by the State Board of Tax Practitioners or who is exempt from
44 such licensing requirement as provided for and limited by ORS 673.610 may represent a taxpayer
45 before a tax court magistrate or the department in any conference or proceeding with respect to the

1 administration of any tax on or measured by net income.

2 “(c) Any shareholder of an S corporation, as defined in section 1361 of the Internal Revenue
3 Code, as amended and in effect on December 31, [2023] **2025**, may represent the corporation in any
4 proceeding before a tax court magistrate or the department in the same manner as if the share-
5 holder were a partner and the S corporation were a partnership. The S corporation must designate
6 in writing a tax matters shareholder authorized to represent the S corporation.

7 “(d) An individual who is licensed as a real estate broker or principal real estate broker under
8 ORS 696.022 or is a state certified appraiser or state licensed appraiser under ORS 674.310 or is a
9 registered appraiser under ORS 308.010 may represent a taxpayer before a tax court magistrate or
10 the department in any conference or proceeding with respect to the administration of any ad
11 valorem property tax.

12 “(e) A general partner who has been designated by members of a partnership as their tax mat-
13 ters partner under ORS 305.242 may represent those partners in any conference or proceeding with
14 respect to the administration of any tax on or measured by net income.

15 “(f) Any person authorized under rules adopted by the department may represent a taxpayer
16 before the department in any conference or proceeding with respect to any tax. Rules adopted under
17 this paragraph, to the extent feasible, shall be consistent with federal law that governs represen-
18 tation before the Internal Revenue Service, as federal law is amended and in effect on December 31,
19 [2023] **2025**.

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

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

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

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

34 “**SECTION 32.** ORS 305.494 is amended to read:

35 “305.494. Notwithstanding ORS 9.320, any shareholder of an S corporation as defined in section
36 1361 of the Internal Revenue Code, as amended and in effect on December 31, [2023] **2025**, may
37 represent the corporation in any proceeding before the Oregon Tax Court in the same manner as
38 if the shareholder were a partner and the S corporation were a partnership.

39 “**SECTION 33.** ORS 305.690 is amended to read:

40 “305.690. As used in ORS 305.690 to 305.753, unless the context otherwise requires:

41 “(1) ‘Commission’ means the Oregon Charitable Checkoff Commission.

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

43 “(3) ‘Internal Revenue Code’ means the federal Internal Revenue Code as amended and in effect
44 on December 31, [2023] **2025**.

45 “**SECTION 34.** ORS 305.842 is amended to read:

1 “305.842. As used in ORS 307.130, 307.147, 307.580, 308A.450, 310.140, 310.800 and 311.666,
2 ‘Internal Revenue Code’ means the federal Internal Revenue Code as amended and in effect on De-
3 cember 31, [2023] **2025**.

4 “**SECTION 35.** ORS 314.011 is amended to read:

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

7 “(2) As used in this chapter:

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

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

14 “(A) On December 31, [2023] **2025**; or

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

16 “(c) With respect to ORS 314.105, 314.256 (relating to proxy tax on lobbying expenditures),
17 314.260 (1)(b), 314.302, 314.306, 314.330, 314.360, 314.362, 314.385, 314.402, 314.410, 314.412, 314.525,
18 314.767 (7), 314.771 and 314.772 and other provisions of this chapter, except those described in par-
19 agraph (b) of this subsection, any reference to the laws of the United States or to the Internal Re-
20 venue Code means the laws of the United States relating to income taxes or the Internal Revenue
21 Code as they are amended on or before December 31, [2023] **2025**, even when the amendments take
22 effect or become operative after that date, except where the Legislative Assembly has specifically
23 provided otherwise.

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

31 “(4) When portions of the Internal Revenue Code incorporated by reference as provided in sub-
32 section (2) of this section refer to rules or regulations prescribed by the Secretary of the Treasury,
33 then such rules or regulations shall be regarded as rules adopted by the department under and in
34 accordance with the provisions of this chapter, whenever they are prescribed or amended.

35 “(5)(a) When portions of the Internal Revenue Code incorporated by reference as provided in
36 subsection (2) of this section are later corrected by an Act or a Title within an Act of the United
37 States Congress designated as an Act or Title making technical corrections, then notwithstanding
38 the date that the Act or Title becomes law, those portions of the Internal Revenue Code, as so
39 corrected, shall be the portions of the Internal Revenue Code incorporated by reference as provided
40 in subsection (2) of this section and shall take effect, unless otherwise indicated by the Act or Title
41 (in which case the provisions shall take effect as indicated in the Act or Title), as if originally in-
42 cluded in the provisions of the Act being technically corrected. If, on account of this subsection, any
43 adjustment is required to an Oregon return that would otherwise be prevented by operation of law
44 or rule, the adjustment shall be made, notwithstanding any law or rule to the contrary, in the
45 manner provided under ORS 314.135.

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

3 “**SECTION 36.** ORS 314.306 is amended to read:

4 “314.306. (1) If a taxpayer excludes an amount from federal gross income by reason of the dis-
5 charge of indebtedness of the taxpayer under section 108(a)(1)(A) of the Internal Revenue Code (re-
6 lating to discharge of indebtedness in a bankruptcy declared under U.S.C. Title 11), then, with
7 respect to that portion of the excluded amount that is apportioned to Oregon, the taxpayer shall
8 apply the rules in 11 U.S.C. 346(j), as amended and in effect on December 31, [2023] **2025**.

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

14 “(a) If the taxpayer has made the election under section 108(b)(5) of the Internal Revenue Code
15 to first reduce the basis of the depreciable property of the taxpayer, the election shall also be ef-
16 fective for Oregon tax purposes. A corresponding reduction in the basis of the depreciable property
17 of the taxpayer shall be made for Oregon tax purposes.

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

20 “(A) Federal net operating loss.

21 “(B) Capital loss carryover.

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

24 “(D) Passive activity loss carryover.

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

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

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

31 “(C) The basis of the property of the taxpayer shall be reduced by the amount of discharged
32 indebtedness minus the total amount taken into account under subparagraphs (A) and (B) of this
33 paragraph.

34 “(D) The passive activity loss carryover under section 469(b) of the Internal Revenue Code from
35 the taxable year of the discharge shall be reduced by the amount of discharged indebtedness minus
36 the total amount taken into account under subparagraphs (A), (B) and (C) of this paragraph.

37 “**SECTION 37.** ORS 315.004 is amended to read:

38 “315.004. (1) Except when the context requires otherwise, the definitions contained in ORS
39 chapters 314, 316, 317 and 318 are applicable in the construction, interpretation and application of
40 the personal and corporate income and excise tax credits contained in this chapter.

41 “(2)(a) For purposes of the tax credits contained in this chapter, any term has the same meaning
42 as when used in a comparable context in the laws of the United States relating to federal income
43 taxes, unless a different meaning is clearly required or the term is specifically defined for purposes
44 of construing, interpreting and applying the credit.

45 “(b) With respect to the tax credits contained in this chapter, any reference to the laws of the

1 United States or to the Internal Revenue Code means the laws of the United States relating to in-
2 come taxes or the Internal Revenue Code as they are amended on or before December 31, [2023]
3 **2025**, even when the amendments take effect or become operative after that date.

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

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

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

26 “(b) As used in this subsection, ‘Act or Title’ includes any subtitle, division or other part of an
27 Act or Title.

28 “**SECTION 38.** ORS 316.012 is amended to read:

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

35 “(1) On December 31, [2023] **2025**; or

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

37 “**SECTION 39.** ORS 316.147 is amended to read:

38 “316.147. As used in ORS 316.147 to 316.149, unless the context requires otherwise:

39 “(1) ‘Eligible taxpayer’ includes any individual who must pay taxes otherwise imposed by this
40 chapter and:

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

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

45 “(2) ‘Household income’ means the aggregate income of the eligible taxpayer and the spouse of

1 the taxpayer who reside in the household, that was received during a calendar year. ‘Household
2 income’ includes payments received by the eligible taxpayer or the spouse of the taxpayer under the
3 federal Social Security Act for the benefit of a minor child or minor children who reside in the
4 household.

5 “(3) ‘Income’ means ‘adjusted gross income’ as defined in the federal Internal Revenue Code, as
6 amended and in effect on December 31, [2023] **2025**, even when the amendments take effect or be-
7 come operative after that date, relating to the measurement of taxable income of individuals, estates
8 and trusts, with the following modifications:

9 “(a) There shall be added to adjusted gross income the following items of otherwise exempt in-
10 come:

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

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

13 “(C) Inheritances.

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

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

17 “(F) Life insurance proceeds.

18 “(G) Accident and health insurance proceeds, except reimbursement of incurred medical ex-
19 penses.

20 “(H) Personal injury damages.

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

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

23 “(K) Worker’s compensation, except for reimbursement of medical expense.

24 “(L) Military pay and benefits.

25 “(M) Veteran’s benefits.

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

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

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

31 “(ii) In-home services authorized and approved by the Department of Human Services; and

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

34 “(P) Nontaxable dividends.

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

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

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

38 “(b) Adjusted gross income shall be increased due to the disallowance of the following de-
39 ductions:

40 “(A) The amount of the net loss, in excess of \$1,000, from all dispositions of tangible or intan-
41 gible properties.

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

43 “(C) The amount of the net loss, in excess of \$1,000, from all operations of a trade or business,
44 profession or other activity entered into for the production or collection of income.

45 “(D) The amount of the net loss, in excess of \$1,000, from tangible or intangible property held

1 for the production of rents, royalties or other income.

2 “(E) The amount of any net operating loss carryovers or carrybacks included in federal adjusted
3 gross income.

4 “(F) The amount, in excess of \$5,000, of the combined deductions or other allowances for de-
5 preciation, amortization or depletion.

6 “(G) The amount added or subtracted, as required within the context of this section, for ad-
7 justments made under ORS 316.680 (2)(d) and 316.707 to 316.737.

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

9 “(A) Any governmental grant that must be used by the taxpayer for rehabilitation of the home-
10 stead of the taxpayer.

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

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

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

16 “(b) Who is eligible for authorized services as defined in ORS 410.410 under Oregon Project In-
17 dependence;

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

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

20 “**SECTION 40.** ORS 316.157 is amended to read:

21 “316.157. (1) In the case of an eligible individual, there shall be allowed as a credit against the
22 taxes otherwise due under this chapter for the taxable year an amount equal to the lesser of the tax
23 liability of the taxpayer or nine percent of net pension income.

24 “(2) For purposes of this section:

25 “(a) ‘Eligible individual’ means any individual who is receiving pension income and who has at-
26 tained 62 years of age before the close of the taxable year.

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

31 “(c) ‘Income’ means ‘adjusted gross income’ as defined in the federal Internal Revenue Code, as
32 amended and in effect on December 31, [2023] **2025**, even when the amendments take effect or be-
33 come operative after that date, relating to the measurement of taxable income of individuals, estates
34 and trusts, with the following modifications:

35 “(A) There shall be added to adjusted gross income the following items of otherwise exempt in-
36 come:

37 “(i) The gross amount of any otherwise exempt pension less return of investment, if any.

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

39 “(iii) Inheritances.

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

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

43 “(vi) Life insurance proceeds.

44 “(vii) Accident and health insurance proceeds, except reimbursement of incurred medical ex-
45 penses.

1 “(viii) Personal injury damages.

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

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

4 “(xi) Worker’s compensation, except for reimbursement of medical expense.

5 “(xii) Military pay and benefits.

6 “(xiii) Veteran’s benefits.

7 “(xiv) Payments received under the federal Social Security Act that are excluded from federal

8 gross income.

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

10 “(I) Payments for medical care, drugs and medical supplies, if the payments are not made di-

11 rectly to the welfare recipient;

12 “(II) In-home services authorized and approved by the Department of Human Services; and

13 “(III) Direct or indirect reimbursement of expenses paid or incurred for participation in work

14 or training programs.

15 “(xvi) Nontaxable dividends.

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

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

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

19 “(B) Adjusted gross income shall be increased due to the disallowance of the following de-

20 ductions:

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

22 properties.

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

24 “(iii) The amount of the net loss, in excess of \$1,000, from all operations of a trade or business,

25 profession or other activity entered into for the production or collection of income.

26 “(iv) The amount of the net loss, in excess of \$1,000, from tangible or intangible property held

27 for the production of rents, royalties or other income.

28 “(v) The amount of any net operating loss carryovers or carrybacks included in federal adjusted

29 gross income.

30 “(vi) The amount, in excess of \$5,000, of the combined deductions or other allowances for de-

31 preciation, amortization or depletion.

32 “(vii) The amount added or subtracted, as required within the context of this section, for ad-

33 justments made under ORS 316.680 (2)(d) and 316.707 to 316.737.

34 “(C) ‘Income’ does not include the following:

35 “(i) Any governmental grant that must be used by the taxpayer for rehabilitation of the home-

36 stead of the taxpayer.

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

38 “(d) ‘Net pension income’ means:

39 “(A) For eligible individuals filing a joint return, the lesser of the pension income of the eligible

40 individuals received during the taxable year or the excess, if any, of \$15,000 over the sum of the

41 following amounts:

42 “(i) Any Social Security benefits received by the eligible individual, or by the spouse of the in-

43 dividual, during the taxable year; and

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

45 “(B) For an eligible individual filing a return other than a joint return, the lesser of the pension

1 income of the eligible individual received during the taxable year or the excess, if any, of \$7,500
2 over the sum of the following amounts:

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

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

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

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

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

12 “(C) Distributions from or pursuant to a federal retirement system created by the federal gov-
13 ernment for any officer or employee of the United States, including any person retired from service
14 in the United States Civil Service, the Armed Forces of the United States or any agency or subdi-
15 vision thereof;

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

18 “(E) Distributions or withdrawals from or pursuant to an individual retirement account, annuity
19 or trust or simplified employee pension which satisfies the requirements of section 408 of the Inter-
20 nal Revenue Code; and

21 “(F) Distributions or withdrawals from or pursuant to an employee annuity, including custodial
22 accounts treated as annuities, subject to section 403 (a) or (b) of the Internal Revenue Code.

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

25 “(3) If a change in the taxable year of the eligible individual occurs as described in ORS 314.085,
26 or if the Department of Revenue terminates the tax year of the eligible individual under ORS
27 314.440, the credit allowed by this section shall be prorated or computed in a manner consistent with
28 ORS 314.085.

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

32 “**SECTION 41.** ORS 317.010 is amended to read:

33 “317.010. As used in this chapter, unless the context requires otherwise:

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

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

37 “(3)(a) ‘Consolidated federal return’ means the return permitted or required to be filed by a
38 group of affiliated corporations under section 1501 of the Internal Revenue Code.

39 “(b) ‘Consolidated state return’ means the return required to be filed under ORS 317.710 (5).

40 “(4) ‘Doing business’ means any transaction or transactions in the course of its activities con-
41 ducted within the state by a national banking association, or any other corporation; provided, how-
42 ever, that a foreign corporation whose activities in this state are confined to purchases of personal
43 property, and the storage thereof incident to shipment outside the state, shall not be deemed to be
44 doing business unless such foreign corporation is an affiliate of another foreign or domestic corpo-
45 ration which is doing business in Oregon. Whether or not corporations are affiliated shall be de-

1 terminated as provided in section 1504 of the Internal Revenue Code.

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

5 “(6) ‘Financial institution’ has the meaning given that term in ORS 314.610 except that it does
6 not include a credit union as defined in ORS 723.006, an interstate credit union as defined in ORS
7 723.001 or a federal credit union.

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

11 “(a) On December 31, [2023] **2025**; or

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

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

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

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

28 “(a) From the amount otherwise determined under this subsection, subtract nonapportionable
29 income, or add nonapportionable loss, whichever is applicable.

30 “(b) Multiply the amount determined under paragraph (a) of this subsection by the Oregon ap-
31 portionment percentage defined under ORS 314.280, 314.650 or 314.667, whichever is applicable. The
32 resulting product shall be Oregon apportioned income or loss.

33 “(c) To the amount determined as Oregon apportioned income or loss under paragraph (b) of this
34 subsection, add nonapportionable income allocable entirely to Oregon under ORS 314.280 or 314.625
35 to 314.645, or subtract nonapportionable loss allocable entirely to Oregon under ORS 314.280 or
36 314.625 to 314.645. The resulting figure is ‘taxable income or loss’ for those corporations carrying
37 on taxable transactions or activities both within and without Oregon.

38 “(11) As used in ORS 317.650 to 317.665, ‘insurer’ means any domestic, foreign or alien insurer
39 as defined in ORS 731.082 and any interinsurance and reciprocal exchange and its attorney in fact
40 with respect to its attorney in fact net income as a corporate attorney in fact acting as attorney in
41 compliance with ORS 731.458, 731.462, 731.466 and 731.470 for the reciprocal or interinsurance ex-
42 change. However, ‘insurer’ does not include title insurers or health care service contractors oper-
43 ating pursuant to ORS 750.005 to 750.095.

44 “**SECTION 42.** ORS 317.097 is amended to read:

45 “317.097. (1) As used in this section:

1 “(a) ‘Annual rate’ means the yearly interest rate specified on the note, and not the annual per-
2 centage rate, if any, disclosed to the applicant to comply with the federal Truth in Lending Act.

3 “(b) ‘Bonds’ means a bond, as defined in ORS 286A.001, if issued on behalf of the Housing and
4 Community Services Department, or bonds, as defined in ORS 456.055, if issued by a housing au-
5 thority.

6 “(c) ‘Finance charge’ means the total of all interest, loan fees, interest on any loan fees financed
7 by the lending institution, and other charges related to the cost of obtaining credit.

8 “(d) ‘Lending institution’ means any insured institution, as that term is defined in ORS 706.008,
9 any mortgage banking company that maintains an office in this state or any community development
10 corporation that is organized under the Oregon Nonprofit Corporation Law.

11 “(e) ‘Limited equity cooperative’ means a cooperative corporation formed under ORS chapter 62
12 whose articles of incorporation, in addition to the other requirements of ORS chapter 62, prohibit
13 members from selling their ownership interests:

14 “(A) To any person other than a low income person; or

15 “(B) For a sales price that exceeds the sum of:

16 “(i) The price the member paid for the ownership interest;

17 “(ii) The cost of any permanent improvements the member made to the housing unit during the
18 member’s ownership;

19 “(iii) Any special assessments the member paid to the limited equity cooperative during the
20 member’s ownership that were expended to make permanent improvements to the building in which
21 the member’s housing unit is located; and

22 “(iv) A return on the amounts described in sub-subparagraphs (i) to (iii) of this subparagraph,
23 computed from the year in which the respective amount was paid, that equals the greater of the
24 result of adjusting each amount by the percentage increase, if any, in the Consumer Price Index for
25 All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the
26 United States Department of Labor, or of increasing each amount by three percent compounded
27 annually.

28 “(f) ‘Manufactured dwelling park’ has the meaning given that term in ORS 446.003.

29 “(g) ‘Nonprofit corporation’ means a corporation that is exempt from income taxes under section
30 501(c)(3) or (4) of the Internal Revenue Code as amended and in effect on December 31, [2023]
31 **2025.**

32 “(h) ‘Preservation project’ means housing that was previously developed as affordable housing
33 with a contract for rent assistance from the United States Department of Housing and Urban De-
34 velopment or the United States Department of Agriculture and that is being acquired by a spon-
35 soring entity.

36 “(i) ‘Qualified assignee’ means any investor participating in the secondary market for real estate
37 loans.

38 “(j) ‘Qualified borrower’ means any borrower that is a sponsoring entity that has a controlling
39 interest in the real property that is financed by a qualified loan. A controlling interest includes a
40 controlling interest in the general partner of a limited partnership that owns the real property.

41 “(k) ‘Qualified loan’ means:

42 “(A) A loan that meets the criteria stated in subsection (5) of this section or that is made to
43 refinance a loan that meets the criteria described in subsection (5) of this section;

44 “(B) The purchase by a lending institution of bonds, the proceeds of which are used to finance
45 or refinance a loan that meets the criteria described in subsection (5) of this section; or

1 “(C) A qualified mortgage loan fund.

2 “(L) ‘Qualified mortgage loan fund’ means a fund that:

3 “(A) Is operated by a lending institution described in subsection (12) of this section;

4 “(B) Makes mortgages to first-time home buyers;

5 “(C) Makes mortgages for homes subject to a land trust mortgage; and

6 “(D) Makes mortgages to households that, at the time of mortgage origination, have income that
7 is 80 percent or less of area median income as defined in ORS 458.610.

8 “(m) ‘Sponsoring entity’ means a nonprofit corporation, nonprofit cooperative, state govern-
9 mental entity, local unit of government as defined in ORS 466.706, housing authority or any other
10 person, provided that the person has agreed to restrictive covenants imposed by a nonprofit corpo-
11 ration, nonprofit cooperative, state governmental entity, local unit of government or housing au-
12 thority.

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

17 “(a) The amount of finance charge charged by the lending institution during the tax year at an
18 annual rate less than the market rate for a qualified loan that complies with the requirements of this
19 section; and

20 “(b) The amount of finance charge that would have been charged during the tax year by the
21 lending institution for the qualified loan for housing construction, development, acquisition or re-
22 habilitation measured at the annual rate charged by the lending institution for nonsubsidized loans
23 made under like terms and conditions at the time the qualified loan for housing construction, de-
24 velopment, acquisition or rehabilitation is made.

25 “(3) The maximum amount of credit for the difference between the amounts described in sub-
26 section (2)(a) and (b) of this section may not exceed four percent of the average unpaid balance of
27 the qualified loan during the tax year for which the credit is claimed.

28 “(4) Any tax credit allowed under this section that is not used by the taxpayer in a particular
29 year may be carried forward and offset against the taxpayer’s tax liability for the next succeeding
30 tax year. Any credit remaining unused in the next succeeding tax year may be carried forward and
31 used in the second succeeding tax year, and likewise, any credit not used in that second succeeding
32 tax year may be carried forward and used in the third succeeding tax year, and any credit not used
33 in that third succeeding tax year may be carried forward and used in the fourth succeeding tax year,
34 and any credit not used in that fourth succeeding tax year may be carried forward and used in the
35 fifth succeeding tax year, but may not be carried forward for any tax year thereafter.

36 “(5) To be eligible for the tax credit allowable under this section, a lending institution must
37 make a qualified loan by either purchasing bonds, the proceeds of which are used to finance or re-
38 finance a loan that meets the criteria stated in this subsection, or making a loan directly to:

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

42 “(b) A qualified borrower who:

43 “(A) Uses the loan proceeds to finance construction, development, acquisition or rehabilitation
44 of housing, including housing in the form of a limited equity cooperative; and

45 “(B) Provides a written certification executed by the Housing and Community Services Depart-

1 ment that the:

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

4 “(ii) Full amount of savings from the reduced interest rate provided by the lending institution
5 is or will be passed on, in the form of reduced housing payments, to the tenants or to the holders
6 of proprietary leases in a limited equity cooperative;

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

8 “(A) Uses the loan proceeds to finance construction, development, acquisition or rehabilitation
9 of housing consisting of a manufactured dwelling park; and

10 “(B) Provides a written certification executed by the Housing and Community Services Depart-
11 ment that the housing will continue to be operated as a manufactured dwelling park during the pe-
12 riod for which the tax credit is allowed;

13 “(d) A qualified borrower who:

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

16 “(B) Provides a written certification executed by the Housing and Community Services Depart-
17 ment that the housing preserved by the loan:

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

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

23 “(e) A qualified borrower who:

24 “(A) Uses the loan proceeds to finance construction, development, acquisition or rehabilitation
25 of housing; and

26 “(B) Provides a written certification executed by the Housing and Community Services Depart-
27 ment or the governmental party to the rent assistance contract that the housing preserved by the
28 loan:

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

31 “(ii) Is the subject of a rent assistance contract with the federal government or with a state or
32 local government that will be maintained by the qualified borrower and that limits a tenant’s rent
33 to no more than 30 percent of their income;

34 “(f) A qualified borrower who:

35 “(A) Uses the loan proceeds to finance preservation or rehabilitation of housing; and

36 “(B) Provides a written certification executed by the Housing and Community Services Depart-
37 ment that the housing preserved or rehabilitated by the loan:

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

40 “(ii) Is currently characterized by financial or physical distress that threatens its ongoing vi-
41 ability as an affordable housing resource; or

42 “(g) A qualified mortgage loan fund.

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

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

4 “(a) States that the qualified loan is within the limitation imposed by subsection (8) of this sec-
5 tion; and

6 “(b) Specifies the period, as determined by the Housing and Community Services Department,
7 during which the tax credit is allowed for the qualified loan, not to exceed:

8 “(A) 30 years, for a qualified loan with a contract for rent assistance or financing resources
9 from the United States Department of Agriculture, for new housing construction, acquisition of
10 housing or a preservation project; or

11 “(B) 20 years, for any other type of qualified loan.

12 “(8) The Housing and Community Services Department may certify qualified loans that are eli-
13 gible under subsection (5) of this section if the total credits attributable to all qualified loans eligible
14 for credits under this section and then outstanding do not exceed \$35 million for any fiscal year. In
15 making loan certifications under subsection (7) of this section, the Housing and Community Services
16 Department shall attempt to distribute the tax credits statewide, but shall concentrate the tax
17 credits in those areas of the state that are determined by the Oregon Housing Stability Council to
18 have the greatest need for affordable housing.

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

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

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

24 “(c) The project receives moneys from the Elderly and Disabled Housing Fund under ORS
25 456.535.

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

32 “(11) A lending institution may sell a qualified loan for which a certification has been executed
33 to a qualified assignee whether or not the lending institution retains servicing of the qualified loan
34 so long as a designated lending institution maintains records, annually verified by a loan servicer,
35 that establish the amount of tax credit earned by the taxpayer throughout each year of eligibility.

36 “(12) Notwithstanding any other provision of law, a lending institution that is a community de-
37 velopment corporation organized under the Oregon Nonprofit Corporation Law may transfer all or
38 part of a tax credit allowed under this section to one or more other lending institutions that are
39 stockholders or members of the community development corporation or that otherwise participate
40 through the community development corporation in the making of one or more qualified loans for
41 which the tax credit under this section is allowed.

42 “(13) The lending institution shall file an annual statement with the Housing and Community
43 Services Department, specifying that it has conformed with all requirements imposed by law to
44 qualify for a tax credit under this section.

45 “(14) Notwithstanding subsection (1)(j) and (m) of this section, a qualified borrower on a loan to

1 finance the construction, development, acquisition or rehabilitation of a manufactured dwelling park
2 under subsection (5)(c) of this section must be:

3 “(a) A nonprofit corporation, manufactured dwelling park nonprofit cooperative, state govern-
4 mental entity, local unit of government as defined in ORS 466.706 or housing authority; or

5 “(b) A nonprofit corporation or housing authority that has a controlling interest in the real
6 property that is financed by a qualified loan. A controlling interest includes a controlling interest
7 in the general partner of a limited partnership that owns the real property.

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

11 “(16) The Housing and Community Services Department shall provide information to the De-
12 partment of Revenue about all certifications executed under this section, if required by ORS 315.058.

13 “(17) The Housing and Community Services Department and the Department of Revenue may
14 adopt rules to carry out the provisions of this section.

15 “**SECTION 43.** ORS 317A.100, as amended by section 6, chapter 502, Oregon Laws 2025, is
16 amended to read:

17 “317A.100. As used in ORS 317A.100 to 317A.158:

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

19 “(A) The total amount realized by a person, arising from transactions and activity in the regular
20 course of the person’s trade or business, without deduction for expenses incurred by the trade or
21 business;

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

23 “(i) If the reporting person for a financial institution is a holding company, all items of income
24 reported on the FR Y-9 filed by the holding company;

25 “(ii) If the reporting person for a financial institution is a bank organization, all items of income
26 reported on the call report filed by the bank organization; and

27 “(iii) If the reporting person for a financial institution is a nonbank financial organization, all
28 items of income reported in accordance with generally accepted accounting principles; and

29 “(C)(i) If received by an insurer, as reported on the statement of premiums accompanying the
30 annual statement required under ORS 731.574 to be filed with the Director of the Department of
31 Consumer and Business Services, all gross direct life insurance premiums, gross direct accident and
32 health insurance premiums and gross direct property and casualty insurance premiums; and

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

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

36 “(A) Interest income except:

37 “(i) Interest on credit sales; or

38 “(ii) Interest income, including service charges, received by financial institutions;

39 “(B) Receipts from the sale, exchange or other disposition of an asset described in section 1221
40 or 1231 of the Internal Revenue Code, without regard to the length of time the person held the asset;

41 “(C) If received by an insurer, federally reinsured premiums or income from transactions be-
42 tween a reciprocal insurer and its attorney in fact operating under ORS 731.142;

43 “(D) Receipts from hedging transactions, to the extent that the transactions are entered into
44 primarily to protect a financial position, including transactions intended to manage the risk of ex-
45 posure to foreign currency fluctuations that affect assets, liabilities, profits, losses, equity or in-

1 vestments in foreign operations, risk of exposure to interest rate fluctuations or risk of commodity
2 price fluctuations;

3 “(E) Proceeds received attributable to the repayment, maturity or redemption of the principal
4 of a loan, bond, mutual fund, certificate of deposit or marketable instrument;

5 “(F) The principal amount received under a repurchase agreement or on account of any trans-
6 action properly characterized as a loan to the person;

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

10 “(H) Compensation, whether current or deferred, and whether in cash or in kind, received or to
11 be received by an employee, a former employee or the employee’s legal successor for services ren-
12 dered to or for an employer, including reimbursements received by or for an individual for medical
13 or education expenses, health insurance premiums or employee expenses or on account of a de-
14 pendent care spending account, legal services plan, any cafeteria plan described in section 125 of
15 the Internal Revenue Code or any similar employee reimbursement;

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

18 “(J) Proceeds received on the account of payments from insurance policies, including crop in-
19 surance policies, owned by the taxpayer, except those proceeds received for the loss of commercial
20 activity;

21 “(K) Gifts or charitable contributions received, membership dues received by trade, professional,
22 homeowners’ or condominium associations, payments received for educational courses, meetings or
23 meals, or similar payments to a trade, professional or other similar association, and fundraising re-
24 cepts received by any person when any excess receipts are donated or used exclusively for chari-
25 table purposes;

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

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

30 “(N) Tax refunds from any tax program, other tax benefit recoveries and reimbursements for the
31 tax imposed under ORS 317A.100 to 317A.158 made by entities that are part of the same unitary
32 group as provided under ORS 317A.106, and reimbursements made by entities that are not members
33 of a unitary group that are required to be made for economic parity among multiple owners of an
34 entity whose tax obligation under ORS 317A.100 to 317A.158 is required to be reported and paid
35 entirely by one owner, as provided in ORS 317A.106;

36 “(O) Pension reversions;

37 “(P) Contributions to capital;

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

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

44 “(S) In the case of receipts from the sale of malt beverages or wine, as defined in ORS 471.001,
45 cider, as defined in ORS 471.023 or distilled liquor, as defined in ORS 471.001, by a person holding

1 a license issued under ORS chapter 471, an amount equal to the federal and state excise taxes paid
2 by any person on or for such malt beverages, wine or distilled liquor under subtitle E of the Internal
3 Revenue Code or ORS chapter 471 or 473, and any amount paid to the Oregon Liquor and Cannabis
4 Commission for sales of distilled spirits by an agent appointed under ORS 471.750;

5 “(T) In the case of receipts from the sale of marijuana items, as defined in ORS 475C.009, by a
6 person holding a license issued under ORS 475C.005 to 475C.525, an amount equal to the federal and
7 state excise taxes paid by any person on or for such marijuana items under subtitle E of the Internal
8 Revenue Code or ORS 475C.670 to 475C.734 and any local retail taxes authorized under ORS
9 475C.453;

10 “(U) Local taxes collected by a restaurant or other food establishment on sales of meals, pre-
11 pared food or beverages;

12 “(V) Tips or gratuities collected by a restaurant or other food establishment and passed on to
13 employees;

14 “(W) Receipts realized by a vehicle dealer certified under ORS 822.020 or a person described in
15 ORS 320.400 (8)(a)(B) from the sale or other transfer of a motor vehicle, as defined in ORS 801.360,
16 to another vehicle dealer for the purpose of resale by the transferee vehicle dealer, but only if the
17 sale or other transfer was based upon the transferee’s need to meet a specific customer’s preference
18 for a motor vehicle or is an exchange of new vehicles between franchised motor vehicle dealerships;

19 “(X) Registration fees or taxes collected by a vehicle dealer certified under ORS 822.020 or a
20 person described in ORS 320.400 (8)(a)(B) at the sale or other transfer of a motor vehicle, as defined
21 in ORS 801.360, that are owed to a third party by the purchaser of the motor vehicle and passed to
22 the third party by the dealer;

23 “(Y) Receipts from a financial institution for services provided to the financial institution in
24 connection with the issuance, processing, servicing and management of loans or credit accounts, if
25 the financial institution and the recipient of the receipts have at least 50 percent of their ownership
26 interests owned or controlled, directly or constructively through related interests, by common own-
27 ers;

28 “(Z) In the case of amounts retained as commissions by a holder of a license under ORS chapter
29 462, an amount equal to the amounts specified under ORS chapter 462 that must be paid to or col-
30 lected by the Department of Revenue as a tax and the amounts specified under ORS chapter 462 to
31 be used as purse money;

32 “(AA) Receipts of residential care facilities as defined in ORS 443.400 or in-home care agencies
33 as defined in ORS 443.305, to the extent that the receipts are derived from or received as compen-
34 sation for providing services to a medical assistance or Medicare recipient;

35 “(BB) Dividends received;

36 “(CC) Distributive income received from a pass-through entity;

37 “(DD) Receipts from sales to a wholesaler in this state, if the seller receives certification at the
38 time of sale from the wholesaler that the wholesaler will sell the purchased property outside this
39 state;

40 “(EE) Receipts from the wholesale or retail sale of groceries, including receipts of a person that
41 owns groceries at the time of sale and compensation of any consignee engaged in effecting the sale
42 of groceries on behalf the owner of the groceries, but only to the extent that the compensation re-
43 lates to grocery sales;

44 “(FF) Receipts from transactions among members of a unitary group;

45 “(GG) Moneys, including public purpose charge moneys collected under ORS 757.612 and moneys

1 collected to plan for and pursue cost-effective energy efficiency resources under ORS 757.054, that
2 are collected from customers, passed to a utility and approved by the Public Utility Commission and
3 that support energy conservation, renewable resource acquisition and low-income assistance pro-
4 grams;

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

7 “(II) Surcharges collected under ORS 757.736;

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

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

15 “(LL) Charges assessed under ORS 759.685 and paid into the Residential Service Protection
16 Fund;

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

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

20 “(OO) Moneys collected or recovered and paid into the federal universal service fund as deter-
21 mined by the Federal Communications Commission;

22 “(PP) In the case of a seller or provider of telecommunications services, the amount of tax im-
23 posed under ORS 403.200 for access to the emergency communications system that is collected from
24 subscribers or consumers;

25 “(QQ) In the case of a transient lodging tax collector, the amount of tax imposed under ORS
26 320.305 and of any local transient lodging tax imposed upon the occupancy of transit lodging;

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

29 “(SS) In the case of a qualified heavy equipment provider, the amount of tax imposed under ORS
30 307.872 upon the rental price of heavy equipment;

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

33 “(UU) Revenue received by a business entity that is mandated by contract or subcontract to be
34 distributed to another person or entity if the revenue constitutes sales commissions that are paid
35 to a person who is not an employee of the business entity, including, without limitation, a split-fee
36 real estate commission;

37 “(VV) Receipts from the sale of fluid milk by dairy farmers that are not members of an agri-
38 cultural cooperative; and

39 “(WW)(i) Cost paid by a dealer for items of precious metal.

40 “(ii) As used in this subparagraph, ‘item of precious metal’ means an item of gold, silver,
41 platinum, rhodium or palladium that has been put through a process of smelting or refining and that
42 is in a state or condition that its value depends on its contents and not its form.

43 “(2) ‘Cost inputs’ means:

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

1 “(b) In the case of a taxpayer that is engaged in a farming operation, as defined in ORS
2 317A.102, and that does not report cost of goods sold for federal tax purposes, the taxpayer’s oper-
3 ating expenses excluding labor costs.

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

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

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

10 “(b) Organizations described in section 501(d) of the Internal Revenue Code, unless the ex-
11 emption is denied under section 502 or 503 of the Internal Revenue Code.

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

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

14 “(e) Charitable risk pools described in section 501(n) of the Internal Revenue Code.

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

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

17 “(h) Foreign or alien insurance companies, but only with respect to the underwriting profit de-
18 rived from writing wet marine and transportation insurance subject to tax under ORS 731.824 and
19 731.828 or if an insurance company is subject to the retaliatory tax under ORS 731.854 and 731.859.

20 “(i) Governmental entities.

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

24 “(k) Hospitals subject to assessment under ORS 414.855, long term care facilities subject to as-
25 sessment under ORS 409.801 or any entity subject to assessment under ORS 414.880 or section 3 or
26 5, chapter 538, Oregon Laws 2017.

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

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

30 “(6)(a) ‘FR Y-9’ means the consolidated or parent-only financial statements that a holding com-
31 pany is required to file with the Federal Reserve Board pursuant to 12 U.S.C. 1844.

32 “(b) In the case of a holding company required to file both consolidated and parent-only financial
33 statements, ‘FR Y-9’ means the consolidated financial statements that the holding company is re-
34 quired to file.

35 “(7) ‘Governmental entity’ means:

36 “(a) The United States and any of its unincorporated agencies and instrumentalities.

37 “(b) Any incorporated agency or instrumentality of the United States wholly owned by the
38 United States or by a corporation wholly owned by the United States.

39 “(c) The State of Oregon and any of its unincorporated agencies and instrumentalities.

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

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

42 “(f) A federally recognized Indian tribe.

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

45 “(9)(a) ‘Hedging transaction’ means a hedging transaction as defined in section 1221 of the

1 Internal Revenue Code or a transaction accorded hedge accounting treatment under Financial Ac-
2 counting Standards Board Statement No. 133.

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

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

6 “(11) ‘Internal Revenue Code,’ except where the Legislative Assembly has provided otherwise,
7 refers to the laws of the United States or to the Internal Revenue Code as they are amended and
8 in effect on December 31, [2023] **2025**.

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

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

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

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

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

17 “(A) Electricity; or

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

20 “(14) ‘Person’ includes individuals, combinations of individuals of any form, receivers, assignees,
21 trustees in bankruptcy, firms, companies, joint-stock companies, business trusts, estates, partner-
22 ships, limited liability partnerships, limited liability companies, associations, joint ventures, clubs,
23 societies, entities organized as for-profit corporations under ORS chapter 60, C corporations, S cor-
24 porations, qualified subchapter S subsidiaries, qualified subchapter S trusts, trusts, entities that are
25 disregarded for federal income tax purposes and any other entities.

26 “(15) ‘Retailer’ means a person doing business by selling tangible personal property to a pur-
27 chaser for a purpose other than:

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

30 “(b) Incorporation by the purchaser of the property in the course of regular business as an in-
31 gredient or component of real or personal property; or

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

34 “(16) ‘Taxable commercial activity’ means commercial activity sourced to this state under ORS
35 317A.128, less any subtraction pursuant to ORS 317A.119.

36 “(17)(a) ‘Taxpayer’ means any person or unitary group required to register, file or pay tax under
37 ORS 317A.100 to 317A.158.

38 “(b) ‘Taxpayer’ does not include excluded persons, except to the extent that a tax-exempt entity
39 has unrelated business income as described in the Internal Revenue Code.

40 “(18) ‘Tax year’ means, except as otherwise provided in ORS 317A.103, a taxpayer’s annual ac-
41 counting period used for federal income tax purposes under section 441 of the Internal Revenue
42 Code.

43 “(19)(a) ‘Unitary business’ means a business enterprise in which there exists directly or indi-
44 rectly between the members or parts of the enterprise a sharing or exchange of value as demon-
45 strated by:

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

2 “(B) Centralized administrative services or functions resulting in economies of scale; or

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

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

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

6 or

7 “(B) Constitute steps in a vertically integrated process, such as the steps involved in the pro-
8 duction of natural resources, which might include exploration, mining, refining and marketing.

9 “(20) ‘Unitary group’ means a group of persons with more than 50 percent common ownership,
10 either direct or indirect, that is engaged in business activities that constitute a unitary business.

11 “(21) ‘Wholesaler’ means a person primarily doing business by merchant distribution of tangible
12 personal property to retailers or to other wholesalers.

13 “**SECTION 44.** ORS 317A.100, as amended by section 20, chapter 4, Oregon Laws 2025, and
14 section 6, chapter 502, Oregon Laws 2025, is amended to read:

15 “317A.100. As used in ORS 317A.100 to 317A.158:

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

17 “(A) The total amount realized by a person, arising from transactions and activity in the regular
18 course of the person’s trade or business, without deduction for expenses incurred by the trade or
19 business;

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

21 “(i) If the reporting person for a financial institution is a holding company, all items of income
22 reported on the FR Y-9 filed by the holding company;

23 “(ii) If the reporting person for a financial institution is a bank organization, all items of income
24 reported on the call report filed by the bank organization; and

25 “(iii) If the reporting person for a financial institution is a nonbank financial organization, all
26 items of income reported in accordance with generally accepted accounting principles; and

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

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

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

34 “(A) Interest income except:

35 “(i) Interest on credit sales; or

36 “(ii) Interest income, including service charges, received by financial institutions;

37 “(B) Receipts from the sale, exchange or other disposition of an asset described in section 1221
38 or 1231 of the Internal Revenue Code, without regard to the length of time the person held the asset;

39 “(C) If received by an insurer, federally reinsured premiums or income from transactions be-
40 tween a reciprocal insurer and its attorney in fact operating under ORS 731.142;

41 “(D) Receipts from hedging transactions, to the extent that the transactions are entered into
42 primarily to protect a financial position, including transactions intended to manage the risk of ex-
43 posure to foreign currency fluctuations that affect assets, liabilities, profits, losses, equity or in-
44 vestments in foreign operations, risk of exposure to interest rate fluctuations or risk of commodity
45 price fluctuations;

1 “(E) Proceeds received attributable to the repayment, maturity or redemption of the principal
2 of a loan, bond, mutual fund, certificate of deposit or marketable instrument;

3 “(F) The principal amount received under a repurchase agreement or on account of any trans-
4 action properly characterized as a loan to the person;

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

8 “(H) Compensation, whether current or deferred, and whether in cash or in kind, received or to
9 be received by an employee, a former employee or the employee’s legal successor for services ren-
10 dered to or for an employer, including reimbursements received by or for an individual for medical
11 or education expenses, health insurance premiums or employee expenses or on account of a de-
12 pendent care spending account, legal services plan, any cafeteria plan described in section 125 of
13 the Internal Revenue Code or any similar employee reimbursement;

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

16 “(J) Proceeds received on the account of payments from insurance policies, including crop in-
17 surance policies, owned by the taxpayer, except those proceeds received for the loss of commercial
18 activity;

19 “(K) Gifts or charitable contributions received, membership dues received by trade, professional,
20 homeowners’ or condominium associations, payments received for educational courses, meetings or
21 meals, or similar payments to a trade, professional or other similar association, and fundraising re-
22 cepts received by any person when any excess receipts are donated or used exclusively for chari-
23 table purposes;

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

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

28 “(N) Tax refunds from any tax program, other tax benefit recoveries and reimbursements for the
29 tax imposed under ORS 317A.100 to 317A.158 made by entities that are part of the same unitary
30 group as provided under ORS 317A.106, and reimbursements made by entities that are not members
31 of a unitary group that are required to be made for economic parity among multiple owners of an
32 entity whose tax obligation under ORS 317A.100 to 317A.158 is required to be reported and paid
33 entirely by one owner, as provided in ORS 317A.106;

34 “(O) Pension reversions;

35 “(P) Contributions to capital;

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

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

42 “(S) In the case of receipts from the sale of malt beverages or wine, as defined in ORS 471.001,
43 cider, as defined in ORS 471.023 or distilled liquor, as defined in ORS 471.001, by a person holding
44 a license issued under ORS chapter 471, an amount equal to the federal and state excise taxes paid
45 by any person on or for such malt beverages, wine or distilled liquor under subtitle E of the Internal

1 Revenue Code or ORS chapter 471 or 473, and any amount paid to the Oregon Liquor and Cannabis
2 Commission for sales of distilled spirits by an agent appointed under ORS 471.750;

3 “(T) In the case of receipts from the sale of marijuana items, as defined in ORS 475C.009, by a
4 person holding a license issued under ORS 475C.005 to 475C.525, an amount equal to the federal and
5 state excise taxes paid by any person on or for such marijuana items under subtitle E of the Internal
6 Revenue Code or ORS 475C.670 to 475C.734 and any local retail taxes authorized under ORS
7 475C.453;

8 “(U) Local taxes collected by a restaurant or other food establishment on sales of meals, pre-
9 pared food or beverages;

10 “(V) Tips or gratuities collected by a restaurant or other food establishment and passed on to
11 employees;

12 “(W) Receipts realized by a vehicle dealer certified under ORS 822.020 or a person described in
13 ORS 320.400 (8)(a)(B) from the sale or other transfer of a motor vehicle, as defined in ORS 801.360,
14 to another vehicle dealer for the purpose of resale by the transferee vehicle dealer, but only if the
15 sale or other transfer was based upon the transferee’s need to meet a specific customer’s preference
16 for a motor vehicle or is an exchange of new vehicles between franchised motor vehicle dealerships;

17 “(X) Registration fees or taxes collected by a vehicle dealer certified under ORS 822.020 or a
18 person described in ORS 320.400 (8)(a)(B) at the sale or other transfer of a motor vehicle, as defined
19 in ORS 801.360, that are owed to a third party by the purchaser of the motor vehicle and passed to
20 the third party by the dealer;

21 “(Y) Receipts from a financial institution for services provided to the financial institution in
22 connection with the issuance, processing, servicing and management of loans or credit accounts, if
23 the financial institution and the recipient of the receipts have at least 50 percent of their ownership
24 interests owned or controlled, directly or constructively through related interests, by common own-
25 ers;

26 “(Z) In the case of amounts retained as commissions by a holder of a license under ORS chapter
27 462, an amount equal to the amounts specified under ORS chapter 462 that must be paid to or col-
28 lected by the Department of Revenue as a tax and the amounts specified under ORS chapter 462 to
29 be used as purse money;

30 “(AA) Receipts of residential care facilities as defined in ORS 443.400 or in-home care agencies
31 as defined in ORS 443.305, to the extent that the receipts are derived from or received as compen-
32 sation for providing services to a medical assistance or Medicare recipient;

33 “(BB) Dividends received;

34 “(CC) Distributive income received from a pass-through entity;

35 “(DD) Receipts from sales to a wholesaler in this state, if the seller receives certification at the
36 time of sale from the wholesaler that the wholesaler will sell the purchased property outside this
37 state;

38 “(EE) Receipts from the wholesale or retail sale of groceries, including receipts of a person that
39 owns groceries at the time of sale and compensation of any consignee engaged in effecting the sale
40 of groceries on behalf the owner of the groceries, but only to the extent that the compensation re-
41 lates to grocery sales;

42 “(FF) Receipts from transactions among members of a unitary group;

43 “(GG) Moneys, including public purpose charge moneys collected under ORS 757.612 and moneys
44 collected to plan for and pursue cost-effective energy efficiency resources under ORS 757.054, that
45 are collected from customers, passed to a utility and approved by the Public Utility Commission and

1 that support energy conservation, renewable resource acquisition and low-income assistance pro-
2 grams;

3 “(HH) Moneys collected by a utility from customers for the payment of loans through on-bill fi-
4 nancing;

5 “(II) Surcharges collected under ORS 757.736;

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

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

13 “(LL) Charges assessed under ORS 759.685 and paid into the Residential Service Protection
14 Fund;

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

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

18 “(OO) Moneys collected or recovered and paid into the federal universal service fund as deter-
19 mined by the Federal Communications Commission;

20 “(PP) In the case of a seller or provider of telecommunications services, the amount of tax im-
21 posed under ORS 403.200 for access to the emergency communications system that is collected from
22 subscribers or consumers;

23 “(QQ) In the case of a transient lodging tax collector, the amount of tax imposed under ORS
24 320.305 and of any local transient lodging tax imposed upon the occupancy of transit lodging;

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

27 “(SS) In the case of a qualified heavy equipment provider, the amount of tax imposed under ORS
28 307.872 upon the rental price of heavy equipment;

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

31 “(UU) Revenue received by a business entity that is mandated by contract or subcontract to be
32 distributed to another person or entity if the revenue constitutes sales commissions that are paid
33 to a person who is not an employee of the business entity, including, without limitation, a split-fee
34 real estate commission;

35 “(VV) Receipts from the sale of fluid milk by dairy farmers that are not members of an agri-
36 cultural cooperative; and

37 “(WW)(i) Cost paid by a dealer for items of precious metal.

38 “(ii) As used in this subparagraph, ‘item of precious metal’ means an item of gold, silver,
39 platinum, rhodium or palladium that has been put through a process of smelting or refining and that
40 is in a state or condition that its value depends on its contents and not its form.

41 “(2) ‘Cost inputs’ means:

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

44 “(b) In the case of a taxpayer that is engaged in a farming operation, as defined in ORS
45 317A.102, and that does not report cost of goods sold for federal tax purposes, the taxpayer’s oper-

1 ating expenses excluding labor costs.

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

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

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

8 “(b) Organizations described in section 501(d) of the Internal Revenue Code, unless the ex-
9 emption is denied under section 502 or 503 of the Internal Revenue Code.

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

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

12 “(e) Charitable risk pools described in section 501(n) of the Internal Revenue Code.

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

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

15 “(h) Foreign or alien insurance companies, but only with respect to the underwriting profit de-
16 rived from writing wet marine and transportation insurance subject to tax under ORS 731.824 and
17 731.828 or if an insurance company is subject to the retaliatory tax under ORS 731.854 and 731.859.

18 “(i) Governmental entities.

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

22 “(k) Long term care facilities subject to assessment under ORS 409.801.

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

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

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

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

31 “(7) ‘Governmental entity’ means:

32 “(a) The United States and any of its unincorporated agencies and instrumentalities.

33 “(b) Any incorporated agency or instrumentality of the United States wholly owned by the
34 United States or by a corporation wholly owned by the United States.

35 “(c) The State of Oregon and any of its unincorporated agencies and instrumentalities.

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

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

38 “(f) A federally recognized Indian tribe.

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

41 “(9)(a) ‘Hedging transaction’ means a hedging transaction as defined in section 1221 of the
42 Internal Revenue Code or a transaction accorded hedge accounting treatment under Financial Ac-
43 counting Standards Board Statement No. 133.

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

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

2 “(11) ‘Internal Revenue Code,’ except where the Legislative Assembly has provided otherwise,
3 refers to the laws of the United States or to the Internal Revenue Code as they are amended and
4 in effect on December 31, [2023] **2025**.

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

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

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

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

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

13 “(A) Electricity; or

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

16 “(14) ‘Person’ includes individuals, combinations of individuals of any form, receivers, assignees,
17 trustees in bankruptcy, firms, companies, joint-stock companies, business trusts, estates, partner-
18 ships, limited liability partnerships, limited liability companies, associations, joint ventures, clubs,
19 societies, entities organized as for-profit corporations under ORS chapter 60, C corporations, S cor-
20 porations, qualified subchapter S subsidiaries, qualified subchapter S trusts, trusts, entities that are
21 disregarded for federal income tax purposes and any other entities.

22 “(15) ‘Retailer’ means a person doing business by selling tangible personal property to a pur-
23 chaser for a purpose other than:

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

26 “(b) Incorporation by the purchaser of the property in the course of regular business as an in-
27 gredient or component of real or personal property; or

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

30 “(16) ‘Taxable commercial activity’ means commercial activity sourced to this state under ORS
31 317A.128, less any subtraction pursuant to ORS 317A.119.

32 “(17)(a) ‘Taxpayer’ means any person or unitary group required to register, file or pay tax under
33 ORS 317A.100 to 317A.158.

34 “(b) ‘Taxpayer’ does not include excluded persons, except to the extent that a tax-exempt entity
35 has unrelated business income as described in the Internal Revenue Code.

36 “(18) ‘Tax year’ means, except as otherwise provided in ORS 317A.103, a taxpayer’s annual ac-
37 counting period used for federal income tax purposes under section 441 of the Internal Revenue
38 Code.

39 “(19)(a) ‘Unitary business’ means a business enterprise in which there exists directly or indi-
40 rectly between the members or parts of the enterprise a sharing or exchange of value as demon-
41 strated by:

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

43 “(B) Centralized administrative services or functions resulting in economies of scale; or

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

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

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

3 “(B) Constitute steps in a vertically integrated process, such as the steps involved in the pro-
4 duction of natural resources, which might include exploration, mining, refining and marketing.

5 “(20) ‘Unitary group’ means a group of persons with more than 50 percent common ownership,
6 either direct or indirect, that is engaged in business activities that constitute a unitary business.

7 “(21) ‘Wholesaler’ means a person primarily doing business by merchant distribution of tangible
8 personal property to retailers or to other wholesalers.

9 “**SECTION 45.** ORS 458.670 is amended to read:

10 “458.670. As used in this section and ORS 458.675 to 458.700, unless the context requires other-
11 wise:

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

13 “(a) Is 12 years of age or older;

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

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

16 “(2) ‘Fiduciary organization’ means an organization selected under ORS 458.695 to administer
17 state moneys directed to individual development accounts and that is:

18 “(a) A nonprofit, fund raising organization that is exempt from taxation under section 501(c)(3)
19 of the Internal Revenue Code as amended and in effect on December 31, [2023] **2025**; or

20 “(b) A federally recognized Oregon Indian tribe that is located, to a significant degree, within
21 the boundaries of this state.

22 “(3) ‘Financial institution’ means:

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

24 “(b) In the case of individual development accounts established for the purpose described in ORS
25 458.685 (1)(c), a financial institution as defined in ORS 178.300.

26 “(4) ‘Individual development account’ means a contract between an account holder and a
27 fiduciary organization, for the deposit of funds into a financial institution by the account holder and
28 the deposit of matching funds into a designated account by the fiduciary organization, to allow the
29 account holder to accumulate assets for use toward achieving a specific purpose approved by the
30 fiduciary organization.

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

33 “(a) 80 percent of the median household income for the area as determined by the Housing and
34 Community Services Department. In making the determination, the department shall give consider-
35 ation to any data on area household income published by the United States Department of Housing
36 and Urban Development.

37 “(b) 200 percent of the poverty guidelines as determined by the Housing and Community Ser-
38 vices Department. In making the determination, the department shall give consideration to poverty
39 guidelines published by the United States Department of Health and Human Services and may con-
40 sider other income data periodically published by other federal or Oregon agencies.

41 “(6)(a) ‘Net worth’ means a calculation based on the net value of assets of a household estab-
42 lished by rule by the Housing and Community Services Department.

43 “(b) ‘Net worth’ does not include:

44 “(A) Equity in one residence and in one vehicle.

45 “(B) Holdings in pension accounts valued at less than \$120,000.

1 “(7) ‘Resident of this state’ has the meaning given that term in ORS 316.027.

2 “**SECTION 46.** ORS 657.010 is amended to read:

3 “657.010. As used in this chapter, unless the context requires otherwise:

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

6 “(2) ‘Benefits’ means the money allowances payable to unemployed persons under this chapter.

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

13 “(4) ‘Calendar quarter’ means the period of three consecutive calendar months ending on March
14 31, June 30, September 30 or December 31, or the approximate equivalent thereof, as the Director
15 of the Employment Department may, by rule, prescribe.

16 “(5) ‘Client employer’ means an employer that enters into a PEO relationship.

17 “(6) ‘Client worker’ means an individual who performs services for compensation for the client
18 of a professional employer organization.

19 “(7) ‘Contribution’ or ‘contributions’ means the money payments required by this chapter, or
20 voluntary payments permitted, to be made to the Unemployment Compensation Trust Fund.

21 “(8) ‘Covered employee’ means a client worker for whom a PEO has assumed employer respon-
22 sibilities under a PEO relationship.

23 “(9) ‘Educational institution,’ including an institution of higher education, means an institution:

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

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

30 “(c) In which the course or courses of study or training that it offers may be academic, techni-
31 cal, trade or preparation for gainful employment in a recognized occupation; and

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

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

36 “(11) ‘Hospital’ has the meaning given that term in ORS 442.015.

37 “(12) ‘Institution of higher education’ means an educational institution that:

38 “(a) Admits as regular students only individuals having a certificate of graduation from a high
39 school, or the recognized equivalent of such a certificate;

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

41 “(c) Provides an educational program for which it awards a bachelor’s or higher degree, or
42 provides a program that is acceptable for full credit toward such a degree, a program of post-
43 graduate or post-doctoral studies, or a program of training to prepare students for gainful employ-
44 ment in a recognized occupation; and

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

1 “(13) ‘Instructional capacity’ does not include services performed as an instructional assistant
2 as defined in ORS 342.120.

3 “(14) ‘Internal Revenue Code’ means the federal Internal Revenue Code, as amended and in ef-
4 fect on December 31, [2023] **2025**.

5 “(15) ‘Labor dispute’ means any concerted or deliberate action by two or more individuals or
6 by an employing unit resulting in either a strike or lockout in which wages, hours, working condi-
7 tions or terms of employment of the individuals are involved.

8 “(16) ‘Lockout’ means any refusal by an employer to permit employees to work as a result of a
9 dispute with the employees affecting wages, hours or other terms or conditions of their employment.

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

13 “(18) ‘PEO relationship’ means an agreement between a PEO and a client employer under which
14 certain employer responsibilities for some or all of the client employer’s workers are allocated.

15 “(19)(a) ‘Professional employer organization’ or ‘PEO’ means a person required to be licensed
16 under ORS 656.855 that enters into a PEO relationship with a client employer.

17 “(b) ‘Professional employer organization’ or ‘PEO’ does not mean a person that solely provides
18 workers to a client on a temporary basis or a person that provides payroll processing or similar
19 administrative services without assuming employer responsibilities for client workers.

20 “(20) ‘State’ includes, in addition to the states of the United States of America, the District of
21 Columbia and Puerto Rico. However, for all purposes of this chapter the Virgin Islands shall be
22 considered a state on and after the day on which the United States Secretary of Labor first approves
23 the Virgin Islands’ law under section 3304(a) of the Federal Unemployment Tax Act as amended by
24 Public Law 94-566.

25 “(21) ‘Strike’ means any concerted act of employees in a lawful refusal under applicable state
26 or federal law to perform work or services for an employer.

27 “(22) ‘Taxes’ means contributions.

28 “(23) ‘Temporary basis’ means providing workers to a client:

29 “(a) For special situations, including but not limited to employee absences, employee leaves,
30 professional skill shortages, seasonal workloads and special assignments and projects with the ex-
31 pectation that the position will be terminated when the special situation ends.

32 “(b) As probationary new hires with a reasonable expectation of transitioning to permanent
33 employment with the client, if the client uses a preestablished probationary period in its overall
34 employment selection program.

35 “(24) ‘Valid claim’ means any claim for benefits made in accordance with ORS 657.260 if the
36 individual meets the wages-paid-for-employment requirements of ORS 657.150.

37 “(25) ‘Week’ means any period of seven consecutive calendar days ending at midnight, as the
38 director may prescribe by rule.

39 “**SECTION 47.** ORS 657B.010 is amended to read:

40 “657B.010. As used in this chapter:

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

43 “(2) ‘Average weekly wage’ means the amount calculated by the Employment Department as the
44 state average weekly covered wage under ORS 657.150 (4)(e) as determined not more than once per
45 year.

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

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

4 “(5)(a) ‘Benefit year’ means, except as provided in paragraph (b) of this subsection, a period of
5 52 consecutive weeks beginning on the Sunday immediately preceding the date on which family
6 leave, medical leave or safe leave commences.

7 “(b) ‘Benefit year’ means, in the event that the 52-week period described in paragraph (a) of this
8 subsection would result in an overlap of any quarter of the base year of a previously filed valid
9 claim, a period of 53 consecutive weeks beginning on the Sunday immediately preceding the date
10 on which family leave, medical leave or safe leave commences.

11 “(6) ‘Child’ means:

12 “(a) A biological child, adopted child, stepchild or foster child of a covered individual or of the
13 covered individual’s spouse or domestic partner;

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

16 “(c) A person who is or was in a relationship of in loco parentis with a covered individual or
17 with the covered individual’s spouse or domestic partner.

18 “(7) ‘Claimant’ means an individual who has submitted an application or established a claim for
19 benefits.

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

22 “(a) An employer;

23 “(b) An employee;

24 “(c) A self-employed individual;

25 “(d) A tribal government; or

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

27 “(9) ‘Covered individual’ means any one of the following who qualifies under ORS 657B.015 to
28 receive family and medical leave insurance benefits:

29 “(a) An eligible employee;

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

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

32 “(10) ‘Domestic partner’ means an individual joined in a domestic partnership.

33 “(11) ‘Domestic partnership’ has the meaning given that term in ORS 106.310.

34 “(12) ‘Eligible employee’ means:

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

36 “(B) If an employee has not earned at least \$1,000 in wages during the base year, an employee
37 who has earned at least \$1,000 in wages during the alternate base year; and

38 “(b) An employee to whom paid family and medical leave insurance benefits may be available
39 under ORS 657B.015.

40 “(13) ‘Eligible employee’s average weekly wage’ means an amount calculated by the Director of
41 the Employment Department by dividing the total wages earned by an eligible employee during the
42 base year by the number of weeks in the base year.

43 “(14)(a) ‘Employee’ means:

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

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

2 “(b) ‘Employee’ does not include:

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

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

5 program.

6 “(C) A participant in a work-study program that provides students in secondary or

7 postsecondary educational institutions with employment opportunities for financial assistance or

8 vocational training.

9 “(D) A railroad worker exempted under the federal Railroad Unemployment Insurance Act.

10 “(E) A volunteer.

11 “(F) A judge as defined in ORS 260.005.

12 “(G) A member of the Legislative Assembly.

13 “(H) A holder of public office as defined in ORS 260.005.

14 “(15)(a) ‘Employer’ means any person that employs one or more employees working anywhere in

15 this state or any agent or employee of such person to whom the duties of the person under this

16 chapter have been delegated.

17 “(b) ‘Employer’ includes:

18 “(A) A political subdivision of this state or any county, city, district, authority or public corpo-

19 ration, or any instrumentality of a county, city, district, authority or public corporation, organized

20 and existing under law or charter;

21 “(B) An individual;

22 “(C) Any type of organization, corporation, partnership, limited liability company, association,

23 trust, estate, joint stock company or insurance company;

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

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

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

27 “(c) ‘Employer’ does not include the federal government or a tribal government.

28 “(16) ‘Employment agency’ has the meaning given that term in ORS 658.005.

29 “(17) ‘Family and medical leave insurance benefits’ means the wage replacement benefits that

30 are available to a covered individual under ORS 657B.050 or under the terms of an employer plan

31 approved under ORS 657B.210, for family leave, medical leave or safe leave.

32 “(18)(a) ‘Family leave’ means leave from work taken by a covered individual:

33 “(A) To care for and bond with a child during the first year after the child’s birth or during the

34 first year after the placement of the child through foster care or adoption;

35 “(B) To effectuate the legal process required for placement of a foster child or the adoption of

36 a child; or

37 “(C) To care for a family member with a serious health condition.

38 “(b) ‘Family leave’ does not mean:

39 “(A) Leave described in ORS 659A.159 (1)(a) except for leave to care for a child who requires

40 home care due to an illness, injury or condition that is a serious health condition;

41 “(B) Leave described in ORS 659A.159 (1)(b); or

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

43 “(19) ‘Family member’ means:

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

45 “(b) A child or the child’s spouse or domestic partner;

1 “(c) A parent or the parent’s spouse or domestic partner;
2 “(d) A sibling or stepsibling of a covered individual or the sibling’s or stepsibling’s spouse or
3 domestic partner;
4 “(e) A grandparent of a covered individual or the grandparent’s spouse or domestic partner;
5 “(f) A grandchild of a covered individual or the grandchild’s spouse or domestic partner;
6 “(g) The domestic partner of a covered individual; or
7 “(h) Any individual related by blood or affinity whose close association with a covered individ-
8 ual is the equivalent of a family relationship.
9 “(20) ‘Medical leave’ means leave from work taken by a covered individual that is made neces-
10 sary by the individual’s own serious health condition.
11 “(21) ‘Parent’ means:
12 “(a) A biological parent, adoptive parent, stepparent or foster parent of a covered individual;
13 “(b) A person who was a foster parent of a covered individual when the covered individual was
14 a minor;
15 “(c) A person designated as the legal guardian of a covered individual at the time the covered
16 individual was a minor or required a legal guardian;
17 “(d) A person with whom a covered individual was or is in a relationship of in loco parentis;
18 or
19 “(e) A parent of a covered individual’s spouse or domestic partner who meets a description un-
20 der paragraphs (a) to (d) of this subsection.
21 “(22) ‘Safe leave’ means leave taken for any purpose described in ORS 659A.272.
22 “(23) ‘Self-employed individual’ means:
23 “(a) An individual who has self-employment income as defined in section 1402(b) of the Internal
24 Revenue Code as amended and in effect on December 31, [2023] **2025**; or
25 “(b) An independent contractor as defined in ORS 670.600.
26 “(24) ‘Serious health condition’ means:
27 “(a) An illness, injury, impairment or physical or mental condition that requires inpatient care
28 in a hospital, hospice or residential medical care facility;
29 “(b) An illness, disease or condition that in the medical judgment of the treating health care
30 provider poses an imminent danger of death, is terminal in prognosis with a reasonable possibility
31 of death in the near future, or requires constant care;
32 “(c) Any period of disability due to pregnancy, or period of absence for prenatal care; or
33 “(d) Any period of absence for the donation of a body part, organ or tissue, including preoper-
34 ative or diagnostic services, surgery, post-operative treatment and recovery.
35 “(25) ‘Third party administrator’ means a third party that enters into an agreement with the
36 Director of the Employment Department to implement and administer the paid family and medical
37 leave program established under this chapter.
38 “(26) ‘Tribal government’ means:
39 “(a) A tribal government as defined in ORS 181A.940; or
40 “(b) A federally recognized Indian tribe.
41 “(27)(a) ‘Wages’ has the meaning given that term in ORS 657.105.
42 “(b) ‘Wages’ does not mean contribution amounts paid to the Paid Family and Medical Leave
43 Insurance Fund by an employer on behalf of an employee under ORS 657B.150 (5).
44 **“SECTION 48. (1) Except as provided in subsections (2) and (3) of this section, the**
45 **amendments to statutes by sections 16 to 47 of this 2026 Act apply to transactions or activ-**

ities occurring on or after January 1, 2026, in tax years beginning on or after January 1, 2026.

“(2) The effective and applicable dates, and the exceptions, special rules and coordination with the Internal Revenue Code, as amended, relative to those dates, contained in federal law amending the Internal Revenue Code and enacted before January 1, 2026, apply for Oregon personal income and corporate excise and income tax purposes, to the extent they can be made applicable, in the same manner as they are applied under the Internal Revenue Code and related federal law.

“(3)(a) If a deficiency is assessed against any taxpayer for a tax year beginning before January 1, 2026, and the deficiency or any portion thereof is attributable to any retroactive treatment under the amendments to ORS 178.300, 178.375, 305.239, 305.494, 305.690, 305.842, 314.011, 314.306, 315.004, 316.012, 316.147, 316.157, 317.010, 317.097 and 317A.100 by sections 16, 17 and 31 to 44 of this 2026 Act, then any interest or penalty assessed under ORS chapter 305, 314, 315, 316, 317, 317A or 318 with respect to the deficiency or portion thereof shall be canceled.

“(b) If a refund is due any taxpayer for a tax year beginning before January 1, 2026, and the refund or any portion thereof is due the taxpayer on account of any retroactive treatment under the amendments to ORS 178.300, 178.375, 305.239, 305.494, 305.690, 305.842, 314.011, 314.306, 315.004, 316.012, 316.147, 316.157, 317.010, 317.097 and 317A.100 by sections 16, 17 and 31 to 44 of this 2026 Act for a tax year beginning before January 1, 2026, then notwithstanding ORS 305.270 or 314.415 or any other law, the refund or portion thereof shall be paid without interest.

“(c) Any changes required because of the amendments to ORS 178.300, 178.375, 305.239, 305.494, 305.690, 305.842, 314.011, 314.306, 315.004, 316.012, 316.147, 316.157, 317.010, 317.097 and 317A.100 by sections 16, 17 and 31 to 44 of this 2026 Act for a tax year beginning before January 1, 2026, shall be made by filing an amended return within the time prescribed by law.

“(d) If a taxpayer fails to file an amended return under paragraph (c) of this subsection, the Department of Revenue shall make any changes under paragraph (c) of this subsection on the return to which the changes relate within the period specified for issuing a notice of deficiency or claiming a refund as otherwise provided by law with respect to that return, or within one year after a return for a tax year beginning on or after January 1, 2026, and before January 1, 2027, is filed, whichever period expires later.

“SECTION 49. This 2026 Act takes effect on the 91st day after the date on which the 2026 regular session of the Eighty-third Legislative Assembly adjourns sine die.”.