

SB 1510-1  
(LC 254)  
2/5/26 (CMT/ASD/ps)

Requested by SENATE COMMITTEE ON FINANCE AND REVENUE

**PROPOSED AMENDMENTS TO  
SENATE BILL 1510**

1       On page 1 of the printed bill, line 2, after “314.698” delete the rest of the  
2 line and line 3 and insert “, 317.267 and 319.245 and section 2, chapter 783,  
3 Oregon Laws 1979, section 32a, chapter 579, Oregon Laws 2019, sections 3,  
4 10 and 12, chapter 589, Oregon Laws 2021, and section 16, chapter 82, Oregon  
5 Laws 2022; and prescribing an effective date.”.

6       On page 6, delete lines 30 and 31 and insert:

7       **“SECTION 8.** Section 2, chapter 783, Oregon Laws 1979, as amended by  
8 section 1, chapter 583, Oregon Laws 1987, section 7, chapter 748, Oregon  
9 Laws 1995, section 1, chapter 218, Oregon Laws 2003, section 1, chapter 548,  
10 2009, section 1, chapter 213, Oregon Laws 2013, and section 3, chapter 578,  
11 Oregon Laws 2019, is amended to read:

12       **“Sec. 2.** Cargo containers, as defined in ORS 307.835, are exempt from  
13 taxation for **property** tax years beginning on or after July 1, 1974, and before  
14 July 1, [2026] **2032**.

15       **“SECTION 9.** ORS 319.245 is amended to read:

16       “319.245. (1) As used in this section:

17       “(a) ‘Indian tribe’ means a federally recognized Indian tribe in Oregon.

18       “(b) ‘Tribal entity’ means an entity wholly owned by an Indian tribe.

19       “(c) ‘Tribal member entity’ means an entity wholly owned and operated  
20 by an enrolled member of an Indian tribe.

21       “(2) The first sale, use or distribution of motor vehicle fuel in this state

1 is exempt from the license tax imposed under ORS 319.020 (1)(b) if:

2       “(a) The motor vehicle fuel is purchased by an Indian tribe, tribal entity  
3 or tribal member entity directly or from a dealer that purchased the motor  
4 vehicle fuel in a transaction that would otherwise be subject to the tax; and

5       “(b) The motor vehicle fuel is delivered to a service station that is owned  
6 by an Indian tribe, tribal entity or tribal member entity and operated on the  
7 respective Indian tribe’s reservation or trust land.

8       “(3) In order to be eligible for the exemption under subsection (2) of this  
9 section, the Indian tribe must:

10       “(a) Impose a tax on the distribution of the motor vehicle fuel at the same  
11 rate as the license tax imposed under ORS 319.020 (1)(b); **and**

12       “[(b) *Expend the revenue from the tax imposed pursuant to paragraph (a)*  
13 *of this subsection solely for uses that are consistent with the requirements of*  
14 *Article IX, section 3a, of the Oregon Constitution; and]*”

15       “[(c)] (b) Certify annually to the Department of Transportation that the  
16 Indian tribe is in compliance with this subsection.

17       “(4) A dealer described in subsection (2)(a) of this section shall report to  
18 the department such sales of motor vehicle fuel to Indian tribes, tribal enti-  
19 ties and tribal member entities.

20       “(5) The department shall adopt rules prescribing the processes, forms and  
21 information that the forms must include for the certification required under  
22 subsection [(3)(c)] (3)(b) of this section and the reports required under sub-  
23 section (4) of this section.

24       “**SECTION 10.** Section 3, chapter 589, Oregon Laws 2021, as amended by  
25 section 3, chapter 82, Oregon Laws 2022, is amended to read:

26       “**Sec. 3.** (1) A pass-through entity may elect to be liable for and pay a  
27 pass-through business alternative income tax if all members of the pass-  
28 through entity are:

29       “(a) Individuals subject to the personal income tax imposed under ORS  
30 chapter 316; or

1       “(b) Entities that are pass-through entities owned entirely by individuals  
2 subject to the personal income tax imposed under ORS chapter 316.

3       “(2) The election to pay the pass-through business alternative income tax  
4 is available if consent is given by all members of the electing pass-through  
5 entity who are members at the time the election is filed or is made by any  
6 officer, manager or member of the electing pass-through entity who is au-  
7 thorized, under law or the entity’s organizational documents, to make the  
8 election and who represents to having such authorization under penalties of  
9 perjury. The election shall be made annually on or before the due date, in-  
10 cluding extensions, of the pass-through entity’s return, in the form and  
11 manner prescribed by the Department of Revenue. The election may not be  
12 made retroactively. The members of a pass-through entity may revoke an  
13 election under this section for a tax year only on or before the due date of  
14 the pass-through entity’s return for that tax year, and only if the revocation  
15 is agreed to by all members who are members at the time of the revocation.

16       “(3)(a) In determining the sum of distributive proceeds and computing the  
17 tax under this section, a member of a pass-through entity shall add back any  
18 amount of Oregon tax imposed under [*this chapter*] **ORS chapter 314** and  
19 deducted by the pass-through entity at the entity level for federal income tax  
20 purposes under section 164 of the Internal Revenue Code.

21       “(b) Any amount that is added back under this subsection and that meets  
22 the conditions for the use of elective rates under ORS 316.043 may be treated  
23 as qualifying income under ORS 316.043, in a proportion determined by the  
24 department by rule.

25       “(4) Each pass-through entity that makes an election for a tax year pur-  
26 suant to this section shall annually report to each of its members, for the  
27 tax year, the member’s share of distributive proceeds and share of tax paid  
28 under this section and eligible for the credit allowed under section 8, chapter  
29 589, Oregon Laws 2021.

30       “(5) The tax imposed on a pass-through entity pursuant to this section

1 shall be determined with respect to the sum of each member's share of dis-  
2 tributive proceeds attributable to the pass-through entity for the tax year.

3       “(6) The rate of the tax imposed by and computed under this section is:

4           “(a) Nine percent of the first \$250,000, or fraction thereof, of the sum of  
5 distributive proceeds; and

6           “(b) Nine and nine-tenths percent of any amount of distributive proceeds  
7 in excess of \$250,000.

8       “(7) The amount of pass-through business alternative income tax due from  
9 a pass-through entity in a tax year shall be exclusive of any amount of tax  
10 due and paid by the pass-through entity under [*this chapter*] **ORS chapter**  
11 **314**, except as otherwise provided in sections 2 to 6, chapter 589, Oregon  
12 Laws 2021.

13       “(8) Pass-through entities that have made an election under this section  
14 shall file an entity tax return. The return shall be accompanied by payment  
15 and shall be due on the date applicable to returns due under ORS chapter  
16 316, as provided in ORS 314.385.

17       **“(9) If a pass-through entity has made an overpayment of tax under  
18 this section, the pass-through entity may elect to have that overpay-  
19 ment credited against an installment of estimated tax for the subse-  
20 quent tax year. The department shall administer this subsection in a  
21 manner consistent with the treatment of overpayment of income tax  
22 under ORS 316.583.**

23       **“SECTION 11.** Section 10, chapter 589, Oregon Laws 2021, as amended  
24 by section 1, chapter 399, Oregon Laws 2023, is amended to read:

25       **“Sec. 10. (1)** Sections 3 and 8, chapter 589, Oregon Laws 2021, apply to  
26 tax years beginning on or after January 1, 2022, and before January 1,  
27 [2026] **2028**.

28       **“(2) The amendments to section 3, chapter 589, Oregon Laws 2021,  
29 by section 10 of this 2026 Act apply to overpayments made before  
30 January 1, 2027.**

1       **“SECTION 12.** Section 12, chapter 589, Oregon Laws 2021, as amended  
2 by section 2, chapter 399, Oregon Laws 2023, is amended to read:

3       **“Sec. 12.** The repeal of sections 3 and 8, chapter 589, Oregon Laws 2021,  
4 by section 11, chapter 589, Oregon Laws 2021, applies to any tax year that  
5 begins on or after January 1, 2022, and before January 1, [2026] 2028, and to  
6 which section 164(b)(6) of the Internal Revenue Code is not applicable.

7       **“SECTION 13.** Section 16, chapter 82, Oregon Laws 2022, as amended by  
8 section 5, chapter 52, Oregon Laws 2024, is amended to read:

9       **“Sec. 16.** (1) The amendments to ORS 284.368 by section 1, chapter 82,  
10 Oregon Laws 2022, apply to fiscal years beginning on or after July 1, 2022.

11       “(2) The amendments to sections 3 and 5, chapter 589, Oregon Laws 2021,  
12 by sections 3 and 4, chapter 82, Oregon Laws 2022, apply to tax years be-  
13 ginning on or after January 1, 2022, [and before January 1, 2026,] and to es-  
14 timated payments due on and after June 15, 2022.

15       “(3) The amendments to section 2, chapter 527, Oregon Laws 2021, by  
16 section 8, chapter 82, Oregon Laws 2022, apply to applications for precertif-  
17 ication under section 4, chapter 527, Oregon Laws 2021, and applications for  
18 exemption under section 5, chapter 527, Oregon Laws 2021, without precer-  
19 tification, filed on or after June 3, 2022.

20       “(4) [Section 10, chapter 82, Oregon Laws 2022,] **ORS 317A.123** applies to  
21 tax years beginning on or after January 1, 2022, and before January 1, 2026.

22       “(5) [Sections 13 and 15, chapter 82, Oregon Laws 2022,] **ORS 316.031** and  
23 **317.346** apply to tax years beginning on or after January 1, 2023, and before  
24 January 1, 2029, and to any tax year to which a net operating loss arising  
25 in those tax years is carried back.

26       **“SECTION 14. This 2026 Act takes effect on the 91st day after the**  
27 **date on which the 2026 regular session of the Eighty-third Legislative**  
28 **Assembly adjourns sine die.”.**

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