



Oregon

Kate Brown, Governor

Department of Revenue
955 Center St NE
Salem, OR 97301-2555
www.oregon.gov/dor

DATE: April 30, 2018
TO: Interested Parties
SUBJECT: Notice of Proposed Rulemaking

As shown in the enclosed notices, the Department of Revenue intends to undertake rulemaking activity relating to a variety of tax programs, including:

- Corporate tax.
- Property tax.
- Vehicle privilege and use taxes and bicycle excise tax.
- Statewide transit tax.

The proposed rules are posted on the department's website at www.oregon.gov/dor under "About Us."

A public hearing is scheduled from 9 a.m. to 11 a.m. on Tuesday, May 22, 2018 in Salem at:

Fishbowl Conference Room
Revenue Building
955 Center St NE
Salem, OR 97301

We will accept public comment at that time; however, you can also provide comments by email, fax, or phone until May 22, 2018 at 5 p.m.

Email: rulescoordinator.dor@oregon.gov

Fax: (503) 945-8290

Phone: (503) 945-8029

If you wish to testify, please arrive at the hearing by 8:45 a.m. If you can't arrive early to register, contact the rules coordinator in advance to make alternate arrangements for registration. The hearing will close at 9:15 a.m. if no one is registered to testify.

In compliance with the Americans with Disabilities Act, this information is available in alternate formats upon request. Please contact me if you have questions.

Lois Williams
Administrative Rules Coordinator
Oregon Department of Revenue

Enclosures: Notices of Proposed Rulemaking Including Statement of Need and Fiscal Impact

OFFICE OF THE SECRETARY OF STATE
DENNIS RICHARDSON
SECRETARY OF STATE

LESLIE CUMMINGS
DEPUTY SECRETARY OF STATE



ARCHIVES DIVISION
MARY BETH HERKERT
DIRECTOR

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NOTICE OF PROPOSED RULEMAKING
INCLUDING STATEMENT OF NEED & FISCAL IMPACT

CHAPTER 150
DEPARTMENT OF REVENUE

FILED
04/25/2018 2:50 PM
ARCHIVES DIVISION
SECRETARY OF STATE

FILING CAPTION: Corporate tax: Establishes repatriation tax credit pursuant to 2018 Oregon Laws, chapter 101.

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 05/22/2018 5:00 PM

The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.

A public rulemaking hearing may be requested in writing by 10 or more people, or by a group with 10 or more members, within 21 days following the publication of the Notice of Proposed Rulemaking in the Oregon Bulletin or 28 days from the date the Notice was sent to people on the agency mailing list, whichever is later. If sufficient hearing requests are received, the notice of the date and time of the rulemaking hearing must be published in the Oregon Bulletin at least 14 days before the hearing.

CONTACT: Lois Williams
503-945-8029
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955 Center St NE
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Filed By:
Lois Williams
Rules Coordinator

NEED FOR THE RULE(S):

150-317-0651 Repatriation Tax Credit. Prescribes method for taxpayers to compute the repatriation tax credit under 2018 Oregon Laws, chapter 101 based on the lesser of tax attributable to the 2014-2016 listed jurisdiction addition or the 2017 repatriation.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE:

2018 Oregon Laws, chapter 101 which is available online at <https://www.oregonlegislature.gov>

FISCAL AND ECONOMIC IMPACT:

There is no fiscal or economic impact associated with this new rule. The statute implemented is what causes the impact.

COST OF COMPLIANCE:

(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).

1. There is no impact to state agencies or the counties, and a de minimis impact on the public. The changes are intended to be clarifying or interpretive in nature and do not affect the cost to comply.

2a. Oregon has approximately 120,500 small businesses with fewer than 250 employees(*) that employ 64% of the state's workforce. Oregon has approximately 99,300 small businesses with fewer than 100 employees. Based on this information, we estimate Oregon has approximately 97,000 small businesses with fewer than 50 employees who are subject to this rule. However, it is anticipated that a very small number of small businesses will be affected by this rule because approximately 300 taxpayers reported a listed jurisdiction addition in 2014 through 2016. Most, if not all, of the taxpayers who reported a listed jurisdiction addition in 2014 through 2016 have more than 50 employees.

(*)Oregon Employment Department https://www.qualityinfo.org/-/most-oregon-employers-have-fewer-than-10-employees?utm_campaign=November2016&utm_medium=email&utm_source=newsletter&utm_content=Oregon%20Statewide

2b. There should be a de minimis effect on those small businesses subject to the rule, as it is intended to be clarifying or interpretive in nature and does not significantly affect projected reporting, recordkeeping, or other administrative activities or costs. For small businesses that will claim the repatriation, projected reporting, recordkeeping, and other administrative activities or costs should not be significantly different from their current practice under the listed jurisdiction addition law.

3c. None known.

DESCRIBE HOW SMALL BUSINESSES WERE INVOLVED IN THE DEVELOPMENT OF THESE RULE(S):

The Department of Revenue communicated with small business liaison groups such as the Oregon State Bar Tax Section and the Oregon Society of Certified Public Accountants to obtain their input into how this rule will impact their clients, some of whom are small businesses.

WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? NO IF NOT, WHY NOT?

The Department of Revenue did not use a formal Advisory Committee for this rule; however, we did seek and receive input from groups of industry representatives. No Administrative Rule Advisory Committee was consulted because the above groups were contacted and they have the interest and expertise necessary to provide adequate feedback on the proposed rules; therefore, a committee is unlikely to provide further benefit.

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NOTICE OF PROPOSED RULEMAKING
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CHAPTER 150
DEPARTMENT OF REVENUE

FILED
04/25/2018 2:45 PM
ARCHIVES DIVISION
SECRETARY OF STATE

FILING CAPTION: Exemptions and Special Assessments of Land, Special Purpose Property Valuation

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 05/22/2018 5:00 PM

The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.

CONTACT: Lois Williams
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RulesCoordinator.dor@oregon.gov

955 Center St NE
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Filed By:
Lois Williams
Rules Coordinator

HEARING(S)

Auxiliary aids for persons with disabilities are available upon advance request. Notify the contact listed above.

DATE: 05/22/2018

TIME: 9:00 AM - 11:00 AM

OFFICER: Assigned Staff

ADDRESS: Fishbowl Conf Room,
Department of Revenue
955 Center St NE
Salem, OR 97301

NEED FOR THE RULE(S):

150-308-0240 – Real Property Valuation for Tax Purposes. Clearly defining what constitutes “no immediate market value” and how to value just compensation to the owner, for special purpose properties pursuant to Real Market Value statutory requirements. Moving language for partial exemptions and special assessments of land to new rule 150-308-0245 because it is not relevant to appraising a property for Real Market Value purposes. Also, minor, non-substantive language changes are being made for clarification.

150-308-0245 – Partial Exemptions and Special Assessments of Land. The language for partial exemptions and special assessments of land is being removed from OAR 150-308-0240, Real Property Valuation for Tax Purposes, because it is not relevant to appraising a property for Real Market Value purposes. Also, minor, non-substantive language changes are being made for clarification.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE:

Oregon Revised Statutes and Oregon Administrative Rules, both of which are available online or from the agency.

FISCAL AND ECONOMIC IMPACT:

There is no fiscal or economic impact due to these rule changes as they are clarifying existing statutes.

COST OF COMPLIANCE:

(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).

1. There is no impact to state agencies and a de minimis effect on the counties and the public. These changes tend to be clarifying or interpretive in nature and do not affect the cost to comply.

2a. Oregon has approximately 120,500 small businesses with fewer than 250 employees(*) that employ 64(**) of the state's workforce. Oregon has approximately 99,300 small businesses with fewer than 100 employees. Based on this information, we estimate Oregon has approximately 97,000 small businesses with fewer than 50 employees who are subject to these rules(***)).

(*)Oregon Employment Department https://www.qualityinfo.org/-/most-oregon-employers-have-fewer-than-10-employees?utm_campaign=November2016&utm_medium=email&utm_source=newsletter&utm_content=Oregon%20Statewide
(**)(1,515,708-405,702-138,712)/1,515,708

(***)Oregon Employment Department <https://www.qualityinfo.org/documents/10182/79531/111616%20-%20Businesses%20by%20Size%20of%20Firm%2050%20or%20Fewer%20Employees>

b. There is a de minimis effect on those subject to the rules, as these changes tend to be clarifying or interpretive in nature and do not affect projected reporting, record-keeping or other administrative activities, or costs.

c. None known.

DESCRIBE HOW SMALL BUSINESSES WERE INVOLVED IN THE DEVELOPMENT OF THESE RULE(S):

We communicated and worked with small business liaison groups such as the Oregon State Bar Tax Section to obtain their input into how this rule will affect their clients, some of whom are small businesses. We also reached out to the Oregon State Association of County Assessors (OSACA) for their input into how this rule could affect the small business community.

WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? NO IF NOT, WHY NOT?

The Department of Revenue did not use a formal Advisory Committee for these rules; however, we did seek and receive input from industry representatives as well as from the counties and other taxpayer groups on these rule changes. No Administrative Rule Advisory Committee was consulted because the above groups were contacted and they have the interest and expertise necessary to provide adequate feedback on the proposed rule; therefore, a committee is unlikely to provide further benefit.

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NOTICE OF PROPOSED RULEMAKING
INCLUDING STATEMENT OF NEED & FISCAL IMPACT

CHAPTER 150
DEPARTMENT OF REVENUE

FILED
04/25/2018 2:55 PM
ARCHIVES DIVISION
SECRETARY OF STATE

FILING CAPTION: Definitions and administrative provisions related to vehicle privilege and use taxes and bicycle excise tax.

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 05/22/2018 5:00 PM

The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.

CONTACT: Lois Williams
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HEARING(S)

Auxiliary aids for persons with disabilities are available upon advance request. Notify the contact listed above.

DATE: 05/22/2018

TIME: 9:00 AM - 11:00 AM

OFFICER: Assigned Staff

ADDRESS: Fishbowl Conf Room,
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NEED FOR THE RULE(S):

Taxpayers, vehicle dealers, and bicycle retailers have requested clarity of definitions and administrative requirements for the new transportation project taxes imposed by HB 2017 (2017); see ORS 320.400 to 320.490, which became effective January 1, 2018.

150-320-0400 Definitions for purposes of the transportation project taxes imposed under ORS 320.405 to 320.415 provides guidance for calculation of "retail sales price" of taxable motor vehicles under ORS 320.400 as it relates to vehicle privilege tax, under ORS 320.405 and vehicle use tax under ORS 320.410, and clarifies terms used in bicycle excise tax under ORS 320.415.

150-320-0410 Vehicle Use Tax – Proof of Payment of Tax. Provides guidance for taxpayers to request and obtain the documentation needed so that Oregon Driver and Motor Vehicle Services Division will title and register taxable motor vehicles purchased from out-of-state dealers.

150-320-0420 Resale Certificate – Documentation Required. Provides guidance for purchasers and sellers of taxable vehicles and bicycles regarding the information that must be included in resale certificates provided under ORS 320.425(3).

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE:

ORS available online: <https://www.oregonlegislature.gov>

FISCAL AND ECONOMIC IMPACT:

There is no fiscal or economic impact due to these rule changes.

COST OF COMPLIANCE:

(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).

1. There is no impact to state agencies, units of local government, or the public. The rule changes are intended to be clarifying or interpretive in nature and do not affect the cost to comply.

2a. Approximately 425 Oregon vehicle, RV, and trailer dealers that sell taxable motor vehicles and 75 retailers that sell taxable bicycles are subject to provisions in these rules. Small businesses make up roughly 98% of Oregon businesses**. Based on this information, we estimate that there are approximately 490 businesses with fewer than 50 employees, who are subject to these rules.

** Oregon Secretary of State, Office of Small Business Assistance: Fostering Collaboration for Better Business; available at: <http://sos.oregon.gov/business/Pages/office-small-business-assistance.aspx>.

b. We believe the impact of these rules will be de minimis as they are simply intended to be clarifying or interpretive in nature.

c. No equipment, supplies, labor, or increased administration is known to be required for compliance with this rule.

DESCRIBE HOW SMALL BUSINESSES WERE INVOLVED IN THE DEVELOPMENT OF THESE RULE(S):

We communicated with small business liaison groups such as the Oregon State Bar Tax Section, the Oregon Society of Tax Consultants, and the Oregon Association of Tax Consultants, as well as several industry associations known to work with businesses in the automobile sales industry and bicycle sales, to obtain their input into how these rules will impact their clients, some of whom are small businesses.

WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? NO IF NOT, WHY NOT?

The Oregon Department of Revenue did not use a formal Advisory Committee for this rule. However, we did seek input from groups of industry representatives. No Advisory Committee was consulted because the above groups were contacted, and they have the interest and expertise necessary to provide adequate feedback on this proposed rule.

Therefore a committee is unlikely to provide further benefit.

RULES PROPOSED:

150-320-0400, 150-320-0410, 150-320-0420

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CHAPTER 150
DEPARTMENT OF REVENUE

FILED
04/25/2018 2:53 PM
ARCHIVES DIVISION
SECRETARY OF STATE

FILING CAPTION: Statewide Transit Tax implementation under ORS 320.550-320.560, model recordkeeping and retention requirements

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 05/22/2018 5:00 PM

The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.

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Lois Williams
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HEARING(S)

Auxiliary aids for persons with disabilities are available upon advance request. Notify the contact listed above.

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TIME: 9:00 AM - 11:00 AM

OFFICER: Assigned Staff

ADDRESS: Fishbowl Conf Room,
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NEED FOR THE RULE(S):

150-314-0265 – Amends rule to require taxpayers who are subject to any tax laws administered by the department that tie to provisions in ORS chapter 314 to comply with model recordkeeping and retention requirements in this rule.

150-316-0275 – Amends rule to allow the employer to instruct the department to either refund an overpayment of statewide transit tax or roll over an overpayment of statewide transit tax to the current or prior quarter.

150-320-0520 – Implementing 2017 legislation (HB 2017) to provide due dates for employers filing a statewide transit tax report and any schedules, pay statewide transit tax, and for Oregon residents required to self-report and pay statewide transit tax to the department. This rule also provides that the statewide transit tax report and any associated schedules may be filed using electronic or paper options.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE:

2017 Oregon legislation (HB 2017):

<https://olis.leg.state.or.us/liz/2017R1/Downloads/MeasureDocument/HB2017/Enrolled>

FISCAL AND ECONOMIC IMPACT:

Employers subject to the statewide transit tax will be required to file quarterly returns (agricultural and domestic employers will file an annual return), employee detail reports, and an annual reconciliation return. The fiscal and economic impact will vary depending on the size of the organization.

COST OF COMPLIANCE:

(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).

1. ORS 320.550(5) provides broad authority for the department to determine the time and manner in which statewide transit tax returns are to be filed. Employers subject to the statewide transit tax will be required to file quarterly returns (agricultural and domestic employers will file an annual return) and an annual reconciliation return. Costs on state agencies, units of local government, and the public may vary depending on the size of the organization.

2a. Oregon has approximately 120,500 small businesses with fewer than 250 employees(*) that employ 64% of the state's workforce. Oregon has approximately 99,300 small businesses with fewer than 100 employees.** Based on this information, we estimate Oregon has approximately 97,000 small businesses with fewer than 50 employees that are subject to these rules.***

2b. ORS 320.550(5) provides broad authority for the department to determine the time and manner in which statewide transit tax returns are to be filed. Employers subject to the statewide transit tax will be required to file quarterly returns (agricultural and domestic employers will file an annual return) and an annual reconciliation return. Costs on state agencies, units of local government, and the public may vary depending on the size of the organization.

2c. No equipment, supplies, labor, or increased administration are known for the compliance of these rules outside of what's currently being used for compliance for state income tax withholding.

(*)Oregon Employment Department https://www.qualityinfo.org/-/most-oregon-employers-have-fewer-than-10-employees?utm_campaign=November2016&utm_medium=email&utm_source=newsletter&utm_content=Oregon%20Statewide
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DESCRIBE HOW SMALL BUSINESSES WERE INVOLVED IN THE DEVELOPMENT OF THESE RULE(S):

We communicated with small business liaison groups such as the Oregon State Bar Tax Section and the Oregon Society of Certified Public Accountants to obtain their input into how these rules will impact their clients, some of whom are small businesses. We also reached out to the Oregon Bankers Association for their input into how the rules may affect financial institutions and their small business clients.

WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? NO IF NOT, WHY NOT?

The Department of Revenue did not use a formal Advisory Committee for these rules; however, we did seek input from industry representatives as well as from other taxpayer groups on these rule changes. No Administrative Rule Advisory Committee was consulted because the above groups were contacted and they have the interest and expertise necessary to provide adequate feedback on the proposed rules; therefore, a committee is unlikely to provide further benefit.

RULES PROPOSED:

150-314-0265, 150-316-0275, 150-320-0520