

House Bill 2747

House Amendments ([html](#))

A-Engrossed ([html](#))

House Amendments to A-Engrossed ([html](#))

B-Engrossed ([html](#))

Senate Amendments to B-Engrossed ([html](#))

C-Engrossed ([html](#))

Enrolled ([html](#))

Introduced ([html](#))

HB 2747 By Representative DINGFELDER, Senator RINGO; Representatives BARNHART, BATES, HASS, NOLAN, TOMEI -- Relating to taxation; appropriating money; prescribing an effective date; providing for revenue raising that requires approval by a three-fifths majority.

- 02/25 (H) First reading. Referred to Speaker's desk.
- 02/28 (H) Referred to Transportation with subsequent referral to Revenue.
- 03/14 (H) Public Hearing held.
- 03/31 (H) Work Session held.
- 04/02 (H) Recommendation: Do pass with amendments, be printed A-Engrossed, and be referred to Revenue by prior reference.
- 04/02 (H) Referred to Revenue by prior reference.
- 04/16 (H) Public Hearing and Work Session held.
- 04/23 (H) Work Session held.
- 05/22 (H) Work Session held.
- 05/28 (H) Recommendation: Do pass with amendments and be printed B-Engrossed.
- 05/30 (H) Second reading.
- 06/02 (H) Rules suspended. Carried over to June 3, 2003 Calendar.
- 06/03 (H) Third reading. Carried by Hass.
- 06/03 (H) Motion to place on June 6, 2003 Calendar carried.
- 06/06 (H) Read. Carried by Hass. Passed, having received the required three-fifths Constitutional majority. Ayes, 46; Nays, 9--Butler, Close, Kropf, Kruse, Miller, Richardson, Smith G., Smith T., Zauner; Absent, 1--Wirth; Excused, 4--Jenson, Nelson, Verger, Westlund.
- 06/09 (S) First reading. Referred to President's desk.
- 06/10 (S) Referred to Revenue.
- 06/16 (S) Public Hearing held.
- 06/30 (S) Public Hearing held.

- 08/25 (S) Public Hearing and Work Session held.
- 08/25 (S) Recommendation: Do pass with amendments to the B-Eng. bill.
(Printed C-Eng.)
- 08/25 (S) Second reading.
- 08/26 (S) Referred to Revenue by voice vote.
- 08/26 (S) Work Session held.
- 08/26 (S) Recommendation: Do pass with amendments to the B-Eng. bill.
(Printed C-Eng.)
- 08/26 (S) (Amendments distributed.)
- 08/26 (S) Rules suspended. Third reading. Carried by Winters. Passed.
Ayes, 25; Nays, 5--Atkinson, Beyer, George, Hannon, Minnis.
- 08/26 (S) Atkinson, having been recorded as voting aye, was granted
unanimous consent to be recorded as voting nay.
- 08/26 (S) Fisher declared conflict of interest.
- 08/27 (H) House concurred in Senate amendments and repassed bill,
having received the required three-fifths Constitutional majority.
Ayes, 46; Nays, 12--Butler, Close, Doyle, Flores, Kitts, Knopp,
Kropf, Miller, Nelson, Richardson, Scott, Smith T.; Absent, 1--
Zauner.
- 08/29 (H) Speaker signed.
- 08/29 (S) President signed.
- 08/29 (H) Governor signed.
- 08/29 (H) Chapter 736, (2003 Laws): November 26, 2003.

72nd OREGON LEGISLATIVE ASSEMBLY--2003 Regular Session

NOTE: Matter within { + braces and plus signs + } in an amended section is new. Matter within { - braces and minus signs - } is existing law to be omitted. New sections are within { + braces and plus signs + } .

LC 2296

B-Engrossed

House Bill 2747

Ordered by the House May 28

Including House Amendments dated April 2 and May 28

Sponsored by Representative DINGFELDER, Senator RINGO; Representatives BATES, HASS, NOLAN, TOMEI

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Disconnects, for Oregon income and corporate excise tax purposes, from federal law permitting expense deduction and accelerated depreciation of specified four-wheeled motor vehicles. { + Increases to three times amount of federal expense deduction or depreciation deduction added back to federal taxable income for Oregon tax purposes. + } Excludes { - taxpayers filing federal Schedule F - } { + vehicles used predominately in business of farming, certain vehicles used in timber or wood-products industry and certain vehicles used in construction + }.

Applies to property placed into service in tax years beginning on or after January 1, 2004.

A BILL FOR AN ACT

Relating to taxation; creating new provisions; amending ORS 318.031; and providing for revenue raising that requires approval by a three-fifths majority.

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

SECTION 1. { + Section 2 of this 2003 Act is added to and made a part of ORS chapter 316. + }

SECTION 2. { + (1) There shall be added to federal taxable income of a taxpayer a positive amount that equals three times the amount the taxpayer took as an expense deduction under section 179 of the Internal Revenue Code or as a depreciation deduction under section 168 of the Internal Revenue Code for a four-wheeled vehicle manufactured primarily for use on public streets, roads and highways if the vehicle:

- (a) Is rated between 6,001 and 14,000 pounds gross vehicle weight;
- (b) Is designed to seat nine or fewer individuals; and
- (c) Is not equipped with an open cargo area with an interior

length of 72 inches or more or does not have a covered box with an interior length of 72 inches or more that is separate from the passenger compartment.

(2) For Oregon tax purposes, the adjusted basis of a vehicle subject to this section shall equal the federal adjusted basis of the vehicle.

(3) This section does not apply to a vehicle that is used predominantly:

(a) In the business of farming, as defined in ORS 316.045;

(b) For the purpose of transporting employees or customers of a business that is engaged in the timber or wood-products industry or cargo or equipment related to the timber or wood-products industry; or

(c) For the purpose of transporting employees or customers of a construction business or cargo or equipment used in construction. For purposes of this paragraph, a construction business does not include real estate sales operations. + }

SECTION 3. { + Section 2 of this 2003 Act applies to property placed in service in tax years beginning on or after January 1, 2004. + }

SECTION 4. { + Section 5 of this 2003 Act is added to and made a part of ORS chapter 317. + }

SECTION 5. { + (1) There shall be added to federal taxable income of a taxpayer a positive amount that equals three times the amount the taxpayer took as an expense deduction under section 179 of the Internal Revenue Code or as a depreciation deduction under section 168 of the Internal Revenue Code for a four-wheeled vehicle manufactured primarily for use on public streets, roads and highways if the vehicle:

(a) Is rated between 6,001 and 14,000 pounds gross vehicle weight;

(b) Is designed to seat nine or fewer individuals; and

(c) Is not equipped with an open cargo area with an interior length of 72 inches or more or does not have a covered box with an interior length of 72 inches or more that is separate from the passenger compartment.

(2) For Oregon tax purposes, the adjusted basis of a vehicle subject to this section shall equal the federal adjusted basis of the vehicle.

(3) This section does not apply to a vehicle that is used predominantly:

(a) In the business of farming, as defined in ORS 316.045;

(b) For the purpose of transporting employees or customers of a business that is engaged in the timber or wood-products industry or cargo or equipment related to the timber or wood-products industry; or

(c) For the purpose of transporting employees or customers of a construction business or cargo or equipment used in construction. For purposes of this paragraph, a construction business does not include real estate sales operations. + }

SECTION 6. ORS 318.031 is amended to read:

318.031. It being the intention of the Legislative Assembly that this chapter and the Corporation Excise Tax Law of 1929 shall be administered as uniformly as possible (allowance being made for the difference in imposition of the taxes and the operative date of this chapter), ORS 305.140 and 305.150, ORS chapter 314 and the following sections are incorporated into and made a part of this chapter: ORS 315.104, 315.134, 315.156, 315.204, 315.208, 315.213, 315.234, 315.254, 315.304, 315.504, 315.511 and 315.604 (all only to the extent applicable for a

corporation) and ORS 285B.773, 315.507, 317.010, 317.013, 317.018 to 317.022, 317.030, 317.035, 317.038, 317.080, 317.124 to 317.131, 317.152 to 317.154, 317.259 to 317.303, 317.310 to 317.386, 317.476 to 317.485, 317.488, 317.510 to 317.635 and 317.705 to 317.725 { + and section 5 of this 2003 Act + }.

SECTION 7. { + Section 5 of this 2003 Act and the amendments to ORS 318.031 by section 6 of this 2003 Act apply to property placed in service in tax years beginning on or after January 1, 2004. + }

18 of 24 DOCUMENTS

Statesman Journal (Salem, OR)

June 7, 2003 Saturday

House OKs tax to negate SUV rebate

SECTION: LEGISLATURE; Pg. 2C

LENGTH: 663 words

Lawmakers try to close a loophole in a federal tax break.

How they voted

The House voted 46-9 Friday for a measure to tax private owners of large SUVs

Here's how local representatives voted on House Bill 2747B:

Vic Backlund, R-Keizer: Yes

Vicki Berger, R-Salem: Yes

Billy Dalto, R-Salem: Yes

Dan Doyle, R-Salem: Yes

Jeff Kropf, R-Sublimity: No

Donna Nelson, R-McMinnville: Excused

Lane Shetterly, R-Dallas: Yes

Tootie Smith, R-Molalla: No

Cliff Zauner, R-Woodburn: No

BY DANA HAYNES

Statesman Journal

The Oregon House moved on Friday to deflect a federal tax break for self-employed people who own sport utility vehicles.

"This is a loophole big enough to drive a Hummer through," Rep. Jackie Dingfelder said.

House Bill 2747B passed easily, 46 to 9, and goes to the Senate.

The federal government created a tax break for the gas-guzzling SUVs weighing at least 6,000 pounds, specifically for people who work in agriculture or construction and who need such large vehicles. However, the credit was written so loosely that lawyers, doctors and other self-employed people can take the credit as well.

"That's crazy," said Rep. Mark Hass, D-Beaverton.

He said he's heard from professionals who didn't really want to buy expensive and environmentally unfriendly SUVs but whose accountants recommended them because of the generous tax benefit.

For owners of the vehicles, the bill is a zero-sum game. The Legislature can't affect federal tax code, so the House Bill creates a new tax on the SUVs that is equal to the amount of tax break given by the feds.

If it passes the Senate and is signed by the governor, **HB 2747** could generate \$800,000 in 2003-05, and \$1.6 billion in both 2005-07 and 2007-09.

However, a Fiscal Revenue Office staffer said those numbers are a guess based on federal statistics of the number of people using the tax credit. The state does not track how many people here use the tax credit, nor what they use their SUVs for.

The bill excludes people who work in farm, construction and wood products industries, and who might need such large vehicles for their jobs.

Among the few House members opposing the bill was Rep. Tom Butler, R-Ontario. He pointed out that the federal tax credit is only good for "reasonable" uses of SUVs, so lawyers and doctors already are exempt from taking the credit.

"In a perfect world, yes," Dingfelder countered. "The problem is, it doesn't get checked. That's why we have to close this loophole."

In a strange bit of politicking, votes for this bill and an unrelated tax bill on the Senate floor had been linked, with all sides agreeing to vote for them both on the same day. The SUV bill was supposed to hit the House floor Tuesday but was delayed to get the other bill to the Senate.

The bill in the Senate, House Bill 2197B, was a slam dunk Friday, passing 27 to 0.

It is a complicated little bill that took 5A years to write, said Sen. Ted Ferrioli, R-John Day. It focuses on special assessment taxes for small timber lands on the east and west side of the state. "Small" is defined as 1 to 5,000 acres.

Two new severance tax rates are created through this bill, Ferrioli said. For the east side of the state, it's \$3.03 per \$1,000 of harvested timber. On the west side, it's \$3.89 per \$1,000.

The new assessment replaces an existing assessment.

Large-woodland owners usually have only one reason to own such land: to harvest timber. Ferrioli said small-woodland owners have the land for many reasons: a retirement investment, to protect a tract of land or just to live in a pretty place.

That's why it took more than five years to craft a severance tax that the owners could agree with.

There is a revenue impact on the state. It will cost Oregon \$469,000 in 2003-05; \$688,000 in 2005-07 and \$347,000 in 2007-08.

Dana Haynes can be reached at (503) 589-6903 or dhaynes@StatesmanJournal.com

LOAD-DATE: June 10, 2003

LANGUAGE: ENGLISH

Copyright 2003 Statesman Journal (Salem, OR)
All Rights Reserved

19 of 24 DOCUMENTS

The Associated Press State & Local Wire

June 6, 2003, Friday, BC cycle

House vote to end SUV tax break

BYLINE: By CHARLES E. BEGGS, Associated Press Writer

SECTION: State and Regional

LENGTH: 298 words

DATELINE: SALEM, Ore.

Businesses and professionals who buy large sport utility vehicles in many cases no longer could deduct the cost against state income taxes under a bill easily approved Friday by the House.

Rep. Mark Hass, D-Portland, said the measure that was sent to the Senate on a 46-9 vote would save the state an estimated \$1.5 million in a two-year budget period.

"This is what I hope is the first of repealing tax breaks that don't make any sense," Hass said.

House Bill 2747 would end a state tax deduction that's allowed because it's permitted under federal law. Oregon has automatically adopted most federal tax changes in recent years.

The federal deduction was passed in the 1980s before SUVs became common and was intended to help the agricultural industry by making large farm vehicles more affordable.

The tax law is written so vehicles weighing over 6,000 pounds qualify for the tax break, allowing non-farmers to claim the deduction for the biggest SUVs.

Hass said that means SUVs such as the Lincoln Navigator can be written off as business expenses although similar deductions are not allowed for large luxury cars.

The tax law loophole "is big enough to drive a Hummer through," said Rep. Jackie Dingfelder, D-Portland.

She said the law provides an incentive for people to buy SUVs much larger than they need.

The bill continues the tax break for heavy pickups and SUVs used in the agriculture and wood products industries.

Republican Rep. Tom Butler, an Ontario accountant, called the measure is uncalled for because the current federal deduction is not permitted for vehicles not necessary for business use.

"If auditors are doing their job, they already would be disallowing this," he said.

On The Net:

House Bill 2747

www.leg.state.or.us

LOAD-DATE: June 7, 2003

LANGUAGE: ENGLISH

Copyright 2003 Associated Press
All Rights Reserved

20 of 24 DOCUMENTS

The Associated Press State & Local Wire

May 23, 2003, Friday, BC cycle

Lawmakers may eliminate SUV tax write-off

BYLINE: By PETER ZUCKERMAN, Associated Press Writer

SECTION: State and Regional

LENGTH: 324 words

DATELINE: SALEM, Ore.

Businesses that buy large sport utility vehicles could no longer deduct their costs against state income taxes under a bill passed by a House committee.

House Bill 2747 could save the state \$1.6 million in 2003-2005 and more than twice as much in 2005-2007, according to an estimate by the Legislative Revenue Office.

"I don't think that we need to be spending money making it easier for businesses to buy SUVs right now," said Sen. Charlie Ringo, D-Beaverton, who sponsored the measure.

"That's taxpayer money that could have been going toward schools," Ringo said Friday, a day after the bill was passed by the House Revenue Committee.

Ringo said the current federal deduction, written in the 1980s before SUVs were popular, was intended to help the agricultural industry by making large farm vehicles more affordable.

SUVs that weigh over 6,000 pounds can also qualify for the farm vehicle tax break, allowing non-farmers to claim the same deduction.

The measure would continue the tax break for vehicles used for the agriculture and wood products industries but end the provision that lets businesses get tax exemptions for buying SUVs they don't use for agriculture, said Ringo's legislative assistant, Mike Selvaggio.

Oregonians could still benefit from a federal tax write-off for SUVs but probably wouldn't get as much back because they'd pay more in state taxes.

Joe Schweinhart, a tax specialist with the Associated Oregon Industries, the state's largest business lobby, contended the bill would hamper business but he did not see fighting it as a priority.

Environmentalists called the bill a step in the right direction.

"It's ludicrous that we're subsidizing people to buy gas-guzzling vehicles at a time when we're trying to move away from oil dependence and polluting," said Matt Blevins, a lobbyist for the Oregon Environmental Council.

On the Net:

HB2747

www.leg.state.or.us

LOAD-DATE: May 24, 2003

LANGUAGE: ENGLISH

Copyright 2003 Associated Press
All Rights Reserved

21 of 24 DOCUMENTS

Statesman Journal (Salem, OR)

April 24, 2003 Thursday

House OKs mile-based insurance

SECTION: BUSINESS; Pg. 8B

LENGTH: 571 words

Supporters say it would reduce accidents and improve the air.

Credit-history bill

A bill to prohibit insurance companies from raising car insurance rates because the owners have poor credit history won approval Wednesday in the Oregon Senate.

The proposed ban on credit scoring passed 27-2 after supporters said that just because people have credit problems doesn't mean they are bad drivers.

"A person may lose his job and have trouble paying his bills. That shouldn't cause his insurance premiums to increase," said Sen. Charlie Ringo, D-Beaverton, co-sponsor of the bill.

Insurance officials testified that there is a link between poor credit and risk of bad driving and that companies shouldn't be barred from using credit information when deciding premiums.

With the bill now heading to the House, some expect the industry to get behind a compromise allowing credit reports for initial underwriting but not for renewal decisions.

BY LAURENCE M. CRUZ

Statesman Journal

Oregon motorists could be rewarded for driving less under a bill approved Wednesday by lawmakers in the Oregon House.

House Bill 2043 would give tax credits to insurance companies that offer mileage-based, or pay-as-you-drive, policies to customers. The bill sailed through the House on a 41-16 vote with broad bipartisan support and next goes to the Senate.

Supporters say the proposal would achieve a host of benefits, from reducing accidents and wear and tear on highways, to improving air and water quality and cutting greenhouse-gas emissions.

They say it would provide a fairer alternative to the fixed-premium standard, whereby motorists in the same class pay the same for insurance regardless of how much they drive.

Insurance companies would not be required to offer mileage-based insurance, and motorists would not be forced to use global positioning or other technology to track the miles they travel - a privacy concern in pay-as-you-drive pilot projects in other states.

Several lawmakers from rural areas opposed the measure, saying their constituents have to drive longer distances and would end up subsidizing other drivers.

"If you want to buy socks, if you go to Coquille, Ore., you're going to drive 18 miles," said Rep. Joanne Verger, D-Coos Bay.

"This is a great bill for certain parts of Oregon, but once again we fail to recognize the many faces of Oregon," she said. "This is not a good bill for rural Oregon."

But the bill's sponsor, Rep. Max Williams, R-Tigard, said pay-as-you-drive insurance would start as a small pilot program. Rural policyholders would be unlikely to pay any unfair burden, as the per-mile rate incorporates traditional risk factors, such as crash history and geographic territory.

The tax credits, available between 2005 and 2010 and capped at \$1 million total, would help insurers cover the costs of setting up the new system and of tracking mileage.

The fiscal impact on the general fund would be more than offset by another bill expected to come to the House floor next week, said Matt Blevins of the Oregon Environmental Council, which introduced the mileage-based insurance bill.

That measure, **House Bill 2747**, would treat hefty federal tax breaks on super SUVs as earned income on state tax returns, adding an estimated \$2 million per biennium to state coffers, Blevins said.

Laurence M. Cruz can be reached at (503) 399-6716 or [lcruz@Statesman Journal.com](mailto:lcruz@StatesmanJournal.com)

LOAD-DATE: April 25, 2003

LANGUAGE: ENGLISH

Copyright 2003 Statesman Journal (Salem, OR)
All Rights Reserved