

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action:	Do Pass as Amended and Be Printed Engrossed
Vote:	7 - 0 - 0
Yeas:	Atkinson, Gardner, Knopp, Morrisette, Thompson, Winters, Beyer
Nays:	0
Exc.:	0
Prepared By:	Keith Putman, Administrator
Meeting Dates:	2/5

WHAT THE BILL DOES: Specifies that certain out-of-state financial institutions may engage in mortgage activities in Oregon without being subject to certain tax and corporation laws. Clarifies tax exemption applies to tax years beginning on or after January 1, 1997. Requires out-of-state financial institutions to designate Director of Department of Consumer and Business Services (DCBS) as agent for purposes of service of process.

ISSUES DISCUSSED

- Language in the measure was mistakenly left out of the 1997 Bank Act rewrite

EFFECT OF COMMITTEE AMENDMENTS: Restores a tax exemption inadvertently removed in 1997. Clarifies that the tax exemption applies to tax years beginning on and after January 1, 1997.

BACKGROUND: The 1997 Legislative Assembly revised the Oregon Bank Act. In that process, two of the provisions found in SB 26 were repealed (due to misplacement in the Oregon Revised Statutes) and were slated for relocation in another chapter. While the repeal was included in the 1997 legislation, the replacement, inadvertently, was not. SB 26 restores the pre-1997 statutory language. As before, while the making of an Oregon mortgage loan will not subject the out-of-state or foreign lender to Oregon taxation, if it forecloses a loan and then sells or otherwise disposes of the property, it will be taxed to the same extent an Oregon corporation would be taxed.

In addition, as was the case under the pre-1997 law, a foreign entity may make mortgage loans without authorization to transact business under ORS chapter 60 (Corporations), they will still be required to appoint the DCBS director as agent for service of process and pay a \$200 annual licensing fee. This measure was introduced at the request of the Oregon Bankers Association.