

SB 330 A STAFF MEASURE SUMMARY

Senate Committee On Housing and Development

Action Date: 04/06/21

Action: Do pass with amendments. Refer to Tax Expenditures by prior reference. (Printed A-Eng).

Vote: 3-2-0-0

Yeas: 3 - Anderson, Jama, Patterson

Nays: 2 - Golden, Linthicum

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

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Meeting Dates: 3/2, 4/6

WHAT THE MEASURE DOES:

Creates income tax credit for landlords equal to amount of unpaid rent forgiven as condition of accessing Landlord Compensation Fund. Establishes certificate of eligibility from Oregon Housing and Community Services (OHCS) for landlords to claim credit. Requires taxpayer to claim credit in tax year beginning on or after January 1, 2021 and before January 1, 2022. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Interaction with federal tax law
- State revenue impacts
- Limitations on tenant debt forgiven
- Interaction with House Bill 4401 in third Joint Special Session of 2020
- Allowable uses of federal stimulus dollars
- Number of tenants with rental debt
- Tenant nonpayment impacts on small and large landlords
- Foreclosure relief
- Tenant nonpayment of rent related to COVID-19
- Rent increases

EFFECT OF AMENDMENT:

Replaces the measure.

BACKGROUND:

During the third Joint Special Session in December of 2020, the Legislative Assembly passed House Bill 4401, which extended the moratorium on evictions for nonpayment of rent, established a Landlord Compensation Fund for rental assistance, and authorized Oregon Housing and Community Services (OHCS) to distribute rent assistance. To access the compensation fund, landlords are required to forgive 20 percent of tenant back rent; this provision generated concern among landlords about lost income.

Senate Bill 330 A creates a new income tax credit for landlords equal to the amount of unpaid rent forgiven by the landlord as a condition of accessing the Landlord Compensation Fund. A written certificate of eligibility from OHCS is required to claim the credit. A landlord can claim the credit annually for five successive tax years, receiving 20 percent of the total amount certified by OHCS each year if the credit does not exceed the landlord's tax liability. If a landlord does not claim the credit, it can be carried forward to offset the landlord's tax liability the following year. If the credit value is included as taxable income for federal tax purposes, it will be subtracted from the landlord's federal taxable income. Landlords must claim the credit in a tax year beginning on or after January 1, 2021 and before January 1, 2022.