

# House Bill 2531

Sponsored by Representative SCHAUFLER

## 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 **as introduced**.

Creates tax credit for wage increases paid by employers to employees engaged in activities constituting farm use when increases are caused by increase in minimum wage. Applies to tax years beginning on or after January 1, 2008, and before January 1, 2014.

## A BILL FOR AN ACT

1  
2 Relating to farm employment tax credits.

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

4 **SECTION 1. Section 2 of this 2007 Act is added to and made a part of ORS chapter 315.**

5 **SECTION 2. (1) As used in this section, "minimum wage" means the minimum wage re-**  
6 **quired under ORS 653.025.**

7 **(2) A credit against the taxes otherwise due under ORS chapter 316 or, if the taxpayer**  
8 **is a corporation, under ORS chapter 317 or 318 is allowed to a taxpayer for the amount of**  
9 **increase in wages paid to employees that is attributable to an increase in the minimum wage**  
10 **that is required by law.**

11 **(3) The credit allowed by this section is available only if:**

12 **(a) The taxpayer is primarily engaged in activities described in the definition of "farm**  
13 **use" under ORS 215.203 (2)(a);**

14 **(b) The taxpayer employs one or more employees who are unrelated to the taxpayer ex-**  
15 **clusively in the activities referred to in paragraph (a) of this subsection; and**

16 **(c) The employees are employed at an hourly rate that equals or exceeds \$7.80 per hour**  
17 **but does not exceed \$11 per hour.**

18 **(4) The amount of the credit shall equal the full amount of any increase in wages paid**  
19 **by the taxpayer during the tax year that is attributable to legally required increases in the**  
20 **minimum wage that occur during the tax year and that result in a wage above \$7.80 per hour.**

21 **(5) Wage amounts paid by a taxpayer that exceed the minimum wage but are not attrib-**  
22 **utable to increases in the minimum wage required by law do not qualify for a credit under**  
23 **this section.**

24 **(6) The Department of Revenue may adopt rules establishing a method for attributing the**  
25 **amount of wages paid above the minimum wage to wage increases required by law and to**  
26 **compensation decisions made by an employer. The department may require a taxpayer to**  
27 **provide proof of wages paid during the tax year that are attributable to legally required in-**  
28 **creases in the minimum wage.**

29 **(7)(a) A nonresident is allowed the credit under this section in the proportion provided**  
30 **in ORS 316.117.**

31 **(b) If a change in the status of a taxpayer from resident to nonresident or from nonres-**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 ident to resident occurs, the credit allowed by this section shall be determined in a manner  
2 consistent with ORS 316.117.

3 (c) If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or  
4 if the department terminates the taxpayer's taxable years under ORS 314.440, the credit al-  
5 lowed under this section shall be prorated or computed in a manner consistent with ORS  
6 314.085.

7 (8) A tax credit allowed under this section may not exceed the liability of the taxpayer  
8 for the tax year and may not be carried forward to a succeeding tax year.

9 (9) A husband and wife who file separate returns for a taxable year may each claim a  
10 share of the tax credit allowed under this section that would have been allowed on a joint  
11 return in proportion to the contribution of each.

12 SECTION 3. Section 2 of this 2007 Act applies to tax years beginning on or after January  
13 1, 2008, and before January 1, 2014.

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