

House Bill 3023

Sponsored by Representative ROSENBAUM (at the request of Oregon Hunger Relief Task Force)

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**.

Changes percentage of federal earned income credit allowable as credit against Oregon personal income tax. Requires refund of amount of Oregon earned income credit that exceeds tax liability of taxpayer.

Applies to tax years beginning on or after January 1, 2008.

A BILL FOR AN ACT

1 Relating to earned income tax credits; creating new provisions; and amending ORS 315.266.

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

3 **SECTION 1.** ORS 315.266, as amended by section 57, chapter 832, Oregon Laws 2005, is
4 amended to read:

5
6 315.266. (1) In addition to any other credit available for purposes of ORS chapter 316, an eligible
7 resident individual shall be allowed a credit against the tax otherwise due under ORS chapter 316
8 for the tax year in an amount equal to *[six]* **12** percent of the earned income credit allowable to the
9 individual for the same tax year under section 32 of the Internal Revenue Code.

10 (2) An eligible nonresident individual shall be allowed the credit computed in the same manner
11 and subject to the same limitations as the credit allowed a resident by subsection (1) of this section.
12 However, the credit shall be prorated using the proportion provided in ORS 316.117.

13 (3) If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or if the
14 Department of Revenue terminates the taxpayer's taxable year under ORS 314.440, the credit al-
15 lowed by this section shall be prorated or computed in a manner consistent with ORS 314.085.

16 (4) If a change in the status of a taxpayer from resident to nonresident or from nonresident to
17 resident occurs, the credit allowed by this section shall be determined in a manner consistent with
18 ORS 316.117.

19 (5) If the amount allowable as a credit under this section, when added to the sum of the amounts
20 allowable as payment of tax under ORS 316.187 or 316.583, other tax prepayment amounts and other
21 refundable credit amounts, exceeds the taxes imposed by ORS chapters 314 and 316 for the tax year
22 after application of any nonrefundable credits allowable for purposes of ORS chapter 316 for the tax
23 year, the amount of the excess shall be refunded to the taxpayer as provided in ORS 316.502.

24 (6) The Department of Revenue may adopt rules for purposes of this section, including but not
25 limited to rules relating to proof of eligibility and the furnishing of information regarding the federal
26 earned income credit claimed by the taxpayer for the tax year.

27 (7) Refunds attributable to the earned income credit allowed under this section shall not bear
28 interest.

29 **SECTION 2.** ORS 315.266, as amended by sections 57 and 59, chapter 832, Oregon Laws 2005,
30 is amended to read:

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.

1 315.266. (1) In addition to any other credit available for purposes of ORS chapter 316, an eligible
2 resident individual shall be allowed a credit against the tax otherwise due under ORS chapter 316
3 for the tax year in an amount equal to *[six]* **12** percent of the earned income credit allowable to the
4 individual for the same tax year under section 32 of the Internal Revenue Code.

5 (2) An eligible nonresident individual shall be allowed the credit computed in the same manner
6 and subject to the same limitations as the credit allowed a resident by subsection (1) of this section.
7 However, the credit shall be prorated using the proportion provided in ORS 316.117.

8 (3) If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or if the
9 Department of Revenue terminates the taxpayer's taxable year under ORS 314.440, the credit al-
10 lowed by this section shall be prorated or computed in a manner consistent with ORS 314.085.

11 (4) If a change in the status of a taxpayer from resident to nonresident or from nonresident to
12 resident occurs, the credit allowed by this section shall be determined in a manner consistent with
13 ORS 316.117.

14 *[(5) The credit allowed under this section may not exceed the tax liability of the taxpayer and may*
15 *not be carried forward to a succeeding tax year.]*

16 **(5) If the amount allowable as a credit under this section, when added to the sum of the**
17 **amounts allowable as payment of tax under ORS 316.187 or 316.583, other tax prepayment**
18 **amounts and other refundable credit amounts, exceeds the taxes imposed by ORS chapters**
19 **314 and 316 for the tax year after application of any nonrefundable credits allowable for**
20 **purposes of ORS chapter 316 for the tax year, the amount of the excess shall be refunded to**
21 **the taxpayer as provided in ORS 316.502.**

22 (6) The Department of Revenue may adopt rules for purposes of this section, including but not
23 limited to rules relating to proof of eligibility and the furnishing of information regarding the federal
24 earned income credit claimed by the taxpayer for the tax year.

25 (7) Refunds attributable to the earned income credit allowed under this section shall not bear
26 interest.

27 **SECTION 3. The amendments to ORS 315.266 by sections 1 and 2 of this 2007 Act apply**
28 **to tax years beginning on or after January 1, 2008.**

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