

Senate Bill 368

Sponsored by Senator SCHRADER (Presession filed.)

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**.

Establishes credit against income or corporate excise taxes for wage increases paid by employers to employees engaged in activities that constitute 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, 2012.

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) An individual taxpayer is allowed a credit against the taxes otherwise due**
6 **under ORS chapter 316 or, if the taxpayer is a corporation, under ORS chapter 317 or 318 if:**

7 (a) **The taxpayer is primarily engaged in activities that constitute farm use;**

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

10 (c) **The employees described in paragraph (b) of this subsection are employed at an hourly**
11 **rate that equals or exceeds the hourly minimum wage as provided by law, but that does not**
12 **exceed _____ cents more than the hourly minimum wage.**

13 (2)(a) **For tax years beginning on or after January 1, 2008, and before January 1, 2009, the**
14 **amount of the credit shall equal 50 percent of that portion of wages paid during the tax year**
15 **that are attributable to increases in the minimum wage required by law to be paid for em-**
16 **ployment in farming or ranching activities.**

17 (b) **For tax years beginning on or after January 1, 2009, the amount of the credit shall**
18 **equal that portion of the wages paid during the tax year that are attributable to increases**
19 **in the minimum wage required by ORS 653.025 to be paid for employment in farming or**
20 **ranching activities.**

21 (3)(a) **Amounts paid by an employer that exceed the minimum wage but that are not at-**
22 **tributable to increases in the minimum wage required by law do not qualify for a credit un-**
23 **der this section.**

24 (b) **A taxpayer eligible for a credit under this section may sell or otherwise transfer the**
25 **credit in exchange for cash payment.**

26 (c) **A transferee of a credit under this section shall be allowed the credit for the tax years**
27 **that would have been allowable to the transferor had the transfer not occurred.**

28 (d) **The Department of Revenue shall establish by rule:**

29 (A) **One or more methods for determining when and the extent to which increases in**
30 **wages during a tax year are attributable to increases in the minimum wage required by law**

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 to be paid for employment in farming and ranching activities; and

2 (B) Procedures for selling or otherwise transferring a credit under this section.

3 (4) Except as provided in subsection (5) of this section, the credit allowed under this
4 section may not exceed the liability of the taxpayer for the tax year.

5 (5) Any tax credit otherwise allowable under this section that is not used by the taxpayer
6 in a particular tax year may be carried forward and offset against the taxpayer's tax liability
7 for the next succeeding tax year. Any credit remaining unused in the next tax year may be
8 carried forward and used in the second succeeding tax year, and likewise, any credit not used
9 in that second succeeding tax year may be carried forward and used in the third succeeding
10 tax year, and any credit not used in that third succeeding tax year may be carried forward
11 and used in the fourth succeeding tax year, and any credit not used in that fourth succeeding
12 tax year may be carried forward and used in the fifth succeeding tax year, but may not be
13 carried forward for any tax year thereafter.

14 (6) A nonresident shall be allowed the credit under this section in the proportion provided
15 in ORS 316.117.

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

19 (8) If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or
20 if the Department of Revenue terminates the taxpayer's taxable year under ORS 314.440, the
21 credit allowed under this section shall be prorated or computed in a manner consistent with
22 ORS 314.085.

23 (9) As used in this section, "farm use" means the current employment of land for the
24 primary purpose of obtaining a profit in money by:

25 (a) Raising, harvesting and selling crops;

26 (b) Feeding, breeding, managing or selling livestock, poultry, fur-bearing animals or
27 honeybees or the produce thereof;

28 (c) Dairying and selling dairy products;

29 (d) On-site constructing and maintaining equipment and facilities used for the activities
30 described in this subsection;

31 (e) Preparing, storing or disposing of, by marketing or otherwise, the products or by-
32 products raised for human or animal use on land described in this section; or

33 (f) Except as provided in subsection (10) of this section, using land described in this sec-
34 tion for any other agricultural or horticultural use or animal husbandry or any combination
35 of agricultural, horticultural and animal husbandry use.

36 (10) As used in this section, "farm use" does not include:

37 (a) The use of land subject to timber and forestland taxation under ORS chapter 321,
38 except land used exclusively for growing cultured Christmas trees, as defined in ORS
39 308A.056 (4), or land described in ORS 321.267 (3) or 321.824 (3) (relating to land used to grow
40 certain hardwood timber, including hybrid cottonwood);

41 (b) Stabling or training equines, including but not limited to providing riding lessons,
42 training clinics and schooling shows;

43 (c) Breeding, raising, kenneling or training greyhounds for racing; or

44 (d) Propagating, cultivating, maintaining or harvesting aquatic species and bird and ani-
45 mal species, if the propagating, cultivating, maintaining or harvesting requires allowance

1 under rules adopted by the State Fish and Wildlife Commission.

2 **SECTION 3. Except as provided in section 2 (5) of this 2007 Act, section 2 of this 2007**
3 **Act applies to tax years beginning on or after January 1, 2008, and before January 1, 2012.**

4
