

**A-Engrossed
Senate Bill 1077**

Ordered by the Senate February 11
Including Senate Amendments dated February 11

Sponsored by Senator VERGER; Senators CARTER, MONNES ANDERSON, MORRISETTE, WALKER (Pre-session 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.

Establishes income tax credit for qualified elderly taxpayer whose residential property tax equals or exceeds specified percentage of household income.

Applies to income tax years beginning on or after January 1, 2009.

A BILL FOR AN ACT

1
2 Relating to income tax credits for qualifying elderly taxpayers.

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

4 **SECTION 1. Sections 2 and 3 of this 2008 Act are added to and made a part of ORS**
5 **chapter 315.**

6 **SECTION 2. As used in this section and section 3 of this 2008 Act:**

7 (1) "Dwelling unit" means:

8 (a) A structure or part of a structure providing independent living facilities for the use
9 of one or more persons that has space for eating, living and sleeping and permanent facilities
10 for cooking and sanitation; and

11 (b) The land supporting the structure or associated with the structure.

12 (2) "Principal residence" means:

13 (a) Real or personal property located in Oregon that is owned and occupied as a dwelling
14 unit by a taxpayer; and

15 (b) If the dwelling unit is located in a structure with multiple dwelling units, the portion
16 of the structure used as the dwelling unit and the percentage of the common elements and
17 of the tax lot upon which the structure is built that is attributed by annual assessment to
18 the dwelling unit.

19 (3) "Taxpayer" means a person whose principal residence is subject to a property tax
20 levied by a political subdivision of this state.

21 **SECTION 3. (1) A taxpayer shall be allowed a credit against the taxes otherwise due un-**
22 **der ORS chapter 316, in an amount determined under subsection (4) of this section, for**
23 **property taxes paid or incurred by the taxpayer during the income tax year on a principal**
24 **residence if:**

25 (a) The taxpayer is 75 years of age or older on December 31 of the tax year for which the
26 credit is claimed;

27 (b) The taxpayer owns and occupies the principal residence, or jointly owns and occupies

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 the principal residence with the spouse of the taxpayer, throughout the tax year for which
2 the credit is claimed;

3 (c) The taxpayer has a household income, as defined in ORS 310.630, that does not exceed
4 \$24,999;

5 (d) The amount of property tax assessed against the principal residence for the property
6 tax year that begins in the income tax year for which the credit is claimed is equal to or
7 exceeds 6.5 percent of the taxpayer's household income, as defined in ORS 310.630; and

8 (e) During the tax year for which the credit is claimed, the taxpayer or the spouse of the
9 taxpayer paid, as provided in ORS 311.505, the property taxes assessed against the primary
10 residence for the property tax year that begins in the income tax year for which the credit
11 is claimed.

12 (2) For the purposes of subsection (1)(b) of this section, a taxpayer owns a residence if
13 the taxpayer:

14 (a) Is the holder of record title, either alone or with others, to a fee simple estate in the
15 property, a life estate in the property or the right to possession of the property under a trust
16 instrument or contract of sale;

17 (b) Is the registered owner, either alone or with others, of a manufactured dwelling or
18 floating home; or

19 (c) Is a tenant-stockholder of a cooperative housing corporation.

20 (3) A taxpayer's ability to claim a credit under this section is not affected by a temporary
21 absence of limited duration from the principal residence. Any absence for three months or
22 less during the tax year, or any absence due to illness, is a temporary absence of limited
23 duration for the purposes of this subsection.

24 (4) The amount of the credit allowed under this section in any one income tax year is the
25 lesser of:

26 (a) The amount by which the property tax assessed on the principal residence for the
27 property tax year that begins in the income tax year for which the credit is claimed exceeds
28 6.5 percent of the taxpayer's household income, as defined in ORS 310.630; or

29 (b) \$300.

30 (5)(a) If a taxpayer changes status from a resident to a nonresident or changes status
31 from a nonresident to a resident, the credit allowed under this section shall be determined
32 in a manner consistent with ORS 316.117.

33 (b) If the taxable year of a taxpayer changes as described in ORS 314.085, or if the De-
34 partment of Revenue terminates the taxpayer's taxable year under ORS 314.440, the credit
35 allowed under this section shall be prorated or computed in a manner consistent with ORS
36 314.085.

37 (6) Subject to the limitations set forth in subsection (4) of this section, any tax credit
38 otherwise allowable under this section that is not used by the taxpayer in a tax year may
39 be carried forward and offset against the taxpayer's tax liability for the next succeeding tax
40 year. Any credit remaining unused in the next succeeding tax year may be carried forward
41 and used in the second succeeding tax year. Any credit not used in the second succeeding
42 tax year may be carried forward and used in the third succeeding tax year. Any credit not
43 used in the third succeeding tax year may be carried forward and used in the fourth suc-
44 ceeding tax year, but may not be carried forward for any tax year after the fourth succeed-
45 ing tax year.

1 **(7) A taxpayer may not claim a tax credit under this section for any portion of a dwelling**
2 **unit that is rented to any person other than the taxpayer.**

3 **(8) A taxpayer or the taxpayer's spouse may not claim a tax credit under this section for**
4 **more than one principal residence.**

5 **(9) A taxpayer may not claim a tax credit under this section if the taxpayer is receiving**
6 **a deferral of homestead property taxes under ORS 311.666 to 311.701 for the income tax year**
7 **for which a credit under this section is sought or for the next income tax year.**

8 **SECTION 4. Sections 2 and 3 of this 2008 Act apply to income tax years beginning on or**
9 **after January 1, 2009.**

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