

# Senate Bill 1077

Sponsored by Senator VERGER; Senators CARTER, MONNES ANDERSON, MORRISETTE (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 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

Relating to income tax credits for qualifying elderly taxpayers.

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

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

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

**(1) "Dwelling unit" means:**

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

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

**(2) "Principal residence" means real or personal property located in Oregon that is owned and occupied as a dwelling unit by a taxpayer.**

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

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

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

**(b) The taxpayer owns and occupies the principal residence, or jointly owns and occupies the principal residence with the spouse of the taxpayer, throughout the tax year for which the credit is claimed;**

**(c) The taxpayer has a household income, as defined in ORS 310.630, that does not exceed \$24,999 for the tax year;**

**(d) The amount of property tax imposed on the principal residence is equal to or exceeds 6.5 percent of the taxpayer's household income, as defined in ORS 310.630; and**

**(e) During the tax year for which the credit is claimed, the taxpayer or the spouse of the taxpayer paid, as provided in ORS 311.505, the property taxes assessed against the primary residence.**

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

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

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

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

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

13       (4) The amount of the credit allowed under this section in any one income tax year is 6.5  
14 percent of the taxpayer's household income, as defined in ORS 310.630, for the tax year or  
15 \$300, whichever is less.

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

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

23       (6) Any tax credit otherwise allowable under this section that is not used by the taxpayer  
24 in a tax year may be carried forward and offset against the taxpayer's tax liability for the  
25 next succeeding tax year. Any credit remaining unused in the next succeeding tax year may  
26 be carried forward and used in the second succeeding tax year. Any credit not used in the  
27 second succeeding tax year may be carried forward and used in the third succeeding tax  
28 year. Any credit not used in the third succeeding tax year may be carried forward and used  
29 in the fourth succeeding tax year, but may not be carried forward for any tax year after the  
30 fourth succeeding tax year.

31       (7) A tax credit under this section may not be claimed for any portion of a dwelling that  
32 is rented to any person other than the taxpayer.

33       (8) A tax credit under this section may not be claimed by a taxpayer or the taxpayer's  
34 spouse for more than one principal residence.

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