

Senate Bill 1044

Sponsored by Senator ROSENBAUM, Representative KOMP; Senators BONAMICI, DINGFELDER, SCHRADER, Representatives GELSER, READ, TOMEI (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 **as introduced**.

Increases percentage of federal earned income credit allowable as credit against Oregon personal income tax in each of four consecutive tax years.

First applies to tax years beginning on or after January 1, 2011.

A BILL FOR AN ACT

1
2 Relating to earned income tax credits; creating new provisions; amending ORS 315.266 and 316.502
3 and section 6, chapter 880, Oregon Laws 2007; and repealing section 5, chapter 880, Oregon
4 Laws 2007.

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

5 **SECTION 1.** ORS 315.266 is amended to read:

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

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

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

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

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

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

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

30 **SECTION 2.** The amendments to ORS 315.266 by section 1 of this 2010 Act apply to tax

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 **years beginning on or after January 1, 2011.**

2 **SECTION 3.** ORS 315.266, as amended by section 1 of this 2010 Act, is amended to read:

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

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

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

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

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

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

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

26 **SECTION 4. The amendments to ORS 315.266 by section 3 of this 2010 Act apply to tax**
27 **years beginning on or after January 1, 2012.**

28 **SECTION 5.** ORS 315.266, as amended by sections 1 and 3 of this 2010 Act, is amended to read:

29 315.266. (1) In addition to any other credit available for purposes of ORS chapter 316, an eligible
30 resident individual shall be allowed a credit against the tax otherwise due under ORS chapter 316
31 for the tax year in an amount equal to [12] **15** percent of the earned income credit allowable to the
32 individual for the same tax year under section 32 of the Internal Revenue Code.

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

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

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

42 (5) If the amount allowable as a credit under this section, when added to the sum of the amounts
43 allowable as payment of tax under ORS 316.187 or 316.583, other tax prepayment amounts and other
44 refundable credit amounts, exceeds the taxes imposed by ORS chapters 314 and 316 for the tax year
45 after application of any nonrefundable credits allowable for purposes of ORS chapter 316 for the tax

1 year, the amount of the excess shall be refunded to the taxpayer as provided in ORS 316.502.

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

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

7 **SECTION 6. The amendments to ORS 315.266 by section 5 of this 2010 Act apply to tax**
8 **years beginning on or after January 1, 2013.**

9 **SECTION 7.** ORS 315.266, as amended by sections 1, 3 and 5 of this 2010 Act, is amended to
10 read:

11 315.266. (1) In addition to any other credit available for purposes of ORS chapter 316, an eligible
12 resident individual shall be allowed a credit against the tax otherwise due under ORS chapter 316
13 for the tax year in an amount equal to [15] **18** percent of the earned income credit allowable to the
14 individual for the same tax year under section 32 of the Internal Revenue Code.

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

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

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

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

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

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

34 **SECTION 8. The amendments to ORS 315.266 by section 7 of this 2010 Act apply to tax**
35 **years beginning on or after January 1, 2014.**

36 **SECTION 9.** Section 6, chapter 880, Oregon Laws 2007, is amended to read:

37 **Sec. 6.** *[The repeal of ORS 315.266 by section 5 of this 2007 Act applies to tax years beginning*
38 *on or after January 1, 2014.]* **ORS 315.266 applies to tax years beginning before January 1, 2015.**

39 **SECTION 10. Section 5, chapter 880, Oregon Laws 2007, is repealed.**

40 **SECTION 11.** ORS 316.502, as amended by section 60, chapter 832, Oregon Laws 2005, section
41 86, chapter 843, Oregon Laws 2007, sections 6 and 7, chapter 868, Oregon Laws 2007, and section
42 20, chapter 906, Oregon Laws 2007, is amended to read:

43 316.502. (1) The net revenue from the tax imposed by this chapter, after deducting refunds, shall
44 be paid over to the State Treasurer and held in the General Fund as miscellaneous receipts avail-
45 able generally to meet any expense or obligation of the State of Oregon lawfully incurred.

1 (2) A working balance of unreceipted revenue from the tax imposed by this chapter may be re-
2 tained for the payment of refunds, but such working balance shall not at the close of any fiscal year
3 exceed the sum of \$1 million.

4 (3) Moneys are continuously appropriated to the Department of Revenue to make:

5 (a) The refunds authorized under subsection (2) of this section; and

6 (b) The refund payments in excess of tax liability authorized under **ORS 315.266 and** section 82,
7 chapter 843, Oregon Laws 2007, and section 17, chapter 906, Oregon Laws 2007.

8 **SECTION 12.** ORS 316.502, as amended by section 60, chapter 832, Oregon Laws 2005, sections
9 86 and 87, chapter 843, Oregon Laws 2007, sections 6, 6a, 7 and 7a, chapter 868, Oregon Laws 2007,
10 and sections 20 and 20a, chapter 906, Oregon Laws 2007, is amended to read:

11 316.502. (1) The net revenue from the tax imposed by this chapter, after deducting refunds, shall
12 be paid over to the State Treasurer and held in the General Fund as miscellaneous receipts avail-
13 able generally to meet any expense or obligation of the State of Oregon lawfully incurred.

14 (2) A working balance of unreceipted revenue from the tax imposed by this chapter may be re-
15 tained for the payment of refunds, but such working balance shall not at the close of any fiscal year
16 exceed the sum of \$1 million.

17 (3) Moneys are continuously appropriated to the Department of Revenue to make:

18 (a) The refunds authorized under subsection (2) of this section; **and**

19 (b) **The refund payments in excess of tax liability authorized under ORS 315.266.**

20