76TH OREGON LEGISLATIVE ASSEMBLY 2011 Regular Session
STAFF MEASURE SUMMARY
JOINT COMMITTEE ON TAX CREDITS

MEASURE: HB 2527
CARRIER: Sen. Telfer

REVENUE: Revenue Impact Issued
FISCAL: Minimal Fiscal Impact

Action: Do Pass
Vote: 11-0-1
House Yeas: Barnhart, Bentz, Gelser, Read, Wand, Bailey, Berger
Senate Yeas: Hass, Telfer, Morse, Burdick
Nays: 0
Exc.: Brewer
Prepared By: Chris Allanach, Economist
Meeting Dates: 5/19; 5/26

WHAT THE BILL DOES: Extends the sunset date for the Oregon affordable housing lender's credit from January 1, 2014 to January 1, 2020.

ISSUES DISCUSSED:

- Income levels of beneficiaries
- Advanced planning and investment required for eligible projects
- Impact of disqualification from program
- Connection of credit with other kinds of subsidy programs

EFFECT OF COMMITTEE AMENDMENTS: None

BACKGROUND: The Oregon Affordable Housing Lender's Credit allows lending institutions to claim a tax credit for qualified loans made at below market interest rates for the construction, development, acquisition, or rehabilitation of a manufactured dwelling park, low income housing, or a preservation project. The amount of the credit is the difference between the finance charge on the qualified loan and finance charge that would have been charged on a similar loan made at market rates. The credit cannot exceed four percent of the unpaid balance of the qualified loan during the tax year for which the credit is claimed. Any tax credit not used in a particular year may be carried forward up to five years.

There is a program cap of $17 million in total outstanding credits per fiscal year. For tax year 2008, 18 corporations benefited from this credit, at an average of roughly $106,000 per taxpayer. The program requires interest savings to be directly credited as rent reductions. According to the Housing and Community Services Department, approximately 8,050 household received this benefit in 2007. The department also estimates that rents in housing projects taking part in the tax credit would be 15% to 25% higher if the credit program did not exist.