

House Bill 2216

Sponsored by Representative BUCKLEY; Representative BARKER (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**.

Creates income tax credit for mortgage holder upon sale of single-family residence if secured indebtedness exceeds sale price or in case of foreclosure. Requires purchaser to be under 30 years of age. Requires taxpayer claiming credit to make loan to purchaser. Establishes application fee. Directs Department of Consumer and Business Services to certify transactions eligible for credit.

Applies to sales of residences taking place after effective date of Act and to tax years beginning on or after January 1, 2011, and before January 1, 2013.

Establishes Community Reinvestment Account. Continuously appropriates moneys in account to Department of Consumer and Business Services for expenses of income tax credit program.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to tax credit for home sales to young adults; creating new provisions; amending ORS
3 314.752 and 318.031; appropriating money; and prescribing an effective date.

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

5 **SECTION 1. Section 2 of this 2011 Act is added to and made a part of ORS chapter 315.**

6 **SECTION 2. (1) A credit against taxes imposed by ORS chapter 316 (or, if the taxpayer
7 is a corporation, under ORS chapter 317) shall be allowed to a mortgage holder upon the sale
8 of a single-family residence during the tax year if:**

9 **(a)(A) The actual transaction price is less than the total amount of indebtedness secured
10 by the residence; or**

11 **(B) The residence is identified in a judgment of foreclosure;**

12 **(b) The taxpayer holds a mortgage on the residence;**

13 **(c) The residence was built prior to 1965;**

14 **(d) At least one purchaser of the residence is under 30 years of age on the date of closing;**

15 **(e) On or before the date of closing, the taxpayer provides a home improvement loan or
16 line of credit with a purchaser of the residence as borrower and a term of at least 120
17 months;**

18 **(f) The taxpayer receives certification for the transaction as provided in subsection (3)
19 of this section; and**

20 **(g) The taxpayer has paid the application fee required under subsection (3) of this section.**

21 **(2) The amount of the credit allowed under this section shall equal the lesser of:**

22 **(a) 110 percent of the county assessor's published real market value for the most recent
23 year minus the actual transaction price; or**

24 **(b) The principal of the loan or line of credit required under subsection (1) of this section.**

25 **(3) The Department of Consumer and Business Services shall by rule establish policies
26 and procedures for certifying transactions as eligible for the credit allowed under this sec-
27 tion. A taxpayer seeking a credit may apply prior to closing and shall pay an application fee**

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 equal to 1.5 percent of the actual transaction price at the time of application. The depart-
 2 ment shall provide written certification for eligible transactions within 60 days of receipt of
 3 a completed application. The department shall refund the fee less administrative costs if an
 4 application is rejected.

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

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

10 (6) If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or
 11 if the Department of Revenue terminates the taxable year of a taxpayer under ORS 314.440,
 12 the credit allowed under this section shall be prorated or computed in a manner consistent
 13 with ORS 314.085.

14 **SECTION 3.** Section 2 of this 2011 Act applies to sales of residences taking place after
 15 the effective date of this 2011 Act and to tax years beginning on or after January 1, 2011, and
 16 before January 1, 2013.

17 **SECTION 4. (1)** The Community Reinvestment Account is established in the State
 18 Treasury, separate and distinct from the General Fund. Interest earned by the account shall
 19 be credited to the account.

20 (2) Moneys in the account shall consist of:

21 (a) Moneys paid as application fees under section 2 of this 2011 Act;

22 (b) Amounts appropriated or otherwise transferred to the account by the Legislative
 23 Assembly;

24 (c) Other amounts deposited in the account from any source; and

25 (d) Interest earned by the account.

26 (3) Moneys in the account are continuously appropriated to the Department of Consumer
 27 and Business Services for the purpose of administering, and marketing and promoting the
 28 availability of, the income tax credit established under section 2 of this 2011 Act.

29 (4) Moneys remaining in the account on June 30, 2013, are transferred to the Housing and
 30 Community Services Department Revolving Account established under ORS 456.574.

31 **SECTION 5.** ORS 314.752, as amended by section 26, chapter 76, Oregon Laws 2010, is amended
 32 to read:

33 314.752. (1) Except as provided in ORS 314.740 (5)(b), the tax credits allowed or allowable to a
 34 C corporation for purposes of ORS chapter 317 or 318 shall not be allowed to an S corporation. The
 35 business tax credits allowed or allowable for purposes of ORS chapter 316 shall be allowed or are
 36 allowable to the shareholders of the S corporation.

37 (2) In determining the tax imposed under ORS chapter 316, as provided under ORS 314.734, on
 38 income of the shareholder of an S corporation, there shall be taken into account the shareholder's
 39 pro rata share of business tax credit (or item thereof) that would be allowed to the corporation (but
 40 for subsection (1) of this section) or recapture or recovery thereof. The credit (or item thereof), re-
 41 capture or recovery shall be passed through to shareholders in pro rata shares as determined in the
 42 manner prescribed under section 1377(a) of the Internal Revenue Code.

43 (3) The character of any item included in a shareholder's pro rata share under subsection (2)
 44 of this section shall be determined as if such item were realized directly from the source from which
 45 realized by the corporation, or incurred in the same manner as incurred by the corporation.

1 (4) If the shareholder is a nonresident and there is a requirement applicable for the business tax
 2 credit that in the case of a nonresident the credit be allowed in the proportion provided in ORS
 3 316.117, then that provision shall apply to the nonresident shareholder.

4 (5) As used in this section, "business tax credit" means a tax credit granted to personal income
 5 taxpayers to encourage certain investment, to create employment, economic opportunity or incentive
 6 or for charitable, educational, scientific, literary or public purposes that is listed under this sub-
 7 section as a business tax credit or is designated as a business tax credit by law or by the Depart-
 8 ment of Revenue by rule and includes but is not limited to the following credits: ORS 285C.309
 9 (tribal taxes on reservation enterprise zones and reservation partnership zones), ORS 315.104 (fore-
 10 station and reforestation), ORS 315.134 (fish habitat improvement), ORS 315.138 (fish screening, by-
 11 pass devices, fishways), ORS 315.156 (crop gleaning), ORS 315.164 and 315.169 (farmworker housing),
 12 ORS 315.204 (dependent care assistance), ORS 315.208 (dependent care facilities), ORS 315.213 (con-
 13 tributions for child care), ORS 315.304 (pollution control facility), ORS 315.324 (plastics recycling),
 14 ORS 315.354 and 469.207 (energy conservation facilities), ORS 315.507 (electronic commerce), ORS
 15 315.511 (advanced telecommunications facilities), ORS 315.604 (bone marrow transplant expenses),
 16 ORS 317.115 (fueling stations necessary to operate an alternative fuel vehicle) and ORS 315.141
 17 (biomass production for biofuel) **and section 2 of this 2011 Act (short sales of homes).**

18 **SECTION 6.** ORS 318.031 is amended to read:

19 318.031. It being the intention of the Legislative Assembly that this chapter and ORS chapter
 20 317 shall be administered as uniformly as possible (allowance being made for the difference in im-
 21 position of the taxes), ORS 305.140 and 305.150, ORS chapter 314 and the following sections are in-
 22 corporated into and made a part of this chapter: ORS 285C.309, 315.104, 315.134, 315.141, 315.156,
 23 315.204, 315.208, 315.213, 315.304, 315.507, 315.511 and 315.604 (all only to the extent applicable to
 24 a corporation) and ORS chapter 317 **and section 2 of this 2011 Act.**

25 **SECTION 7.** **This 2011 Act takes effect on the 91st day after the date on which the 2011**
 26 **session of the Seventy-sixth Legislative Assembly adjourns sine die.**

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