

# Senate Bill 349

Sponsored by Senator ROSENBAUM, Representative KOMP; Senator DINGFELDER, Representative J SMITH  
(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**.

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 61, chapter 832, Oregon  
4 Laws 2005, section 88, chapter 843, Oregon Laws 2007, sections 6b, 6c, 7b and 7c, chapter 868,  
5 Oregon Laws 2007, section 5, chapter 880, Oregon Laws 2007, and section 20b, chapter 906,  
6 Oregon Laws 2007.

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

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

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

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

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

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

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

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

30 (7) Refunds attributable to the earned income credit allowed under this section shall not bear

**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 interest.

2 **SECTION 2. The amendments to ORS 315.266 by section 1 of this 2011 Act apply to tax**  
3 **years beginning on or after January 1, 2011.**

4 **SECTION 3.** ORS 315.266, as amended by section 1 of this 2011 Act, is amended to read:

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

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

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

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

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

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

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

28 **SECTION 4. The amendments to ORS 315.266 by section 3 of this 2011 Act apply to tax**  
29 **years beginning on or after January 1, 2012.**

30 **SECTION 5.** ORS 315.266, as amended by sections 1 and 3 of this 2011 Act, is amended to read:

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

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

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

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

44 (5) If the amount allowable as a credit under this section, when added to the sum of the amounts  
45 allowable as payment of tax under ORS 316.187 or 316.583, other tax prepayment amounts and other

1 refundable credit amounts, exceeds the taxes imposed by ORS chapters 314 and 316 for the tax year  
 2 after application of any nonrefundable credits allowable for purposes of ORS chapter 316 for the tax  
 3 year, the amount of the excess shall be refunded to the taxpayer as provided in ORS 316.502.

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

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

9 **SECTION 6. The amendments to ORS 315.266 by section 5 of this 2011 Act apply to tax**  
 10 **years beginning on or after January 1, 2013.**

11 **SECTION 7.** ORS 315.266, as amended by sections 1, 3 and 5 of this 2011 Act, is amended to  
 12 read:

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

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

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

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

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

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

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

36 **SECTION 8. The amendments to ORS 315.266 by section 7 of this 2011 Act apply to tax**  
 37 **years beginning on or after January 1, 2014.**

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

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

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

42 **SECTION 11.** ORS 316.502, as amended by section 60, chapter 832, Oregon Laws 2005, sections  
 43 86 and 87, chapter 843, Oregon Laws 2007, sections 6, 6a, 7 and 7a, chapter 868, Oregon Laws 2007,  
 44 and sections 20 and 20a, chapter 906, Oregon Laws 2007, is amended to read:

45 316.502. (1) The net revenue from the tax imposed by this chapter, after deducting refunds, shall

1 be paid over to the State Treasurer and held in the General Fund as miscellaneous receipts avail-  
2 able generally to meet any expense or obligation of the State of Oregon lawfully incurred.

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

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

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

8 (b) **The refund payments in excess of tax liability authorized under ORS 315.262 and**  
9 **315.266 and section 17, chapter 906, Oregon Laws 2007.**

10 **SECTION 12. The amendments to ORS 316.502 by section 11 of this 2011 Act apply to re-**  
11 **funds for credits claimed for tax years beginning on or after January 1, 2007.**

12 **SECTION 13. (1) Section 61, chapter 832, Oregon Laws 2005, as amended by section 4,**  
13 **chapter 880, Oregon Laws 2007, is repealed.**

14 (2) **Section 88, chapter 843, Oregon Laws 2007, is repealed.**

15 (3) **Sections 6b, 6c, 7b and 7c, chapter 868, Oregon Laws 2007, are repealed.**

16 (4) **Section 20b, chapter 906, Oregon Laws 2007, is repealed.**

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