

A-Engrossed House Bill 3367

Ordered by the House July 1
Including House Amendments dated July 1

Sponsored by COMMITTEE ON REVENUE

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.

[Requires addition to taxable income for Oregon tax purposes of investment income, from life insurance contracts or annuity policies, excluded from federal taxable income because of operation of certain federal law.]

[Applies to tax years beginning on or after January 1, 2014.]

Increases percentage of federal earned income tax credit allowable as credit against Oregon personal income tax. Applies to tax years beginning on or after January 1, 2013, and before January 1, 2020. Establishes connection to federal law for purposes of earned income tax credit.

Extends sunsets for certain income and corporate excise tax credits. Extends sunset for tax subtraction for manufactured dwelling park closures. Restricts availability of tax credit for political contributions based on income. Places additional restrictions on eligibility for tax credit for practice of rural medicine. Increases amount of tax credit allowed for provision of volunteer emergency medical services in rural area. Modifies terminology in statutes addressing farmworker housing. Modifies provisions related to Oregon Production Investment Fund and making of reimbursements to local filmmakers. Increases amount of maximum total tax credits for certified film production development contributions for fiscal year. Allows entire tax credit for transportation project to be claimed in first allowable tax year. Disallows biomass tax credit for canola grown in Willamette Valley. Applies to tax years beginning on or after January 1, 2014.

Requires that revenue impact statement prepared on measure that would create tax expenditure include revenue impact for at least three consecutive biennia, beginning with current biennium. Requires that revenue impact statement prepared on measure that would create or extend tax expenditure include description of public policy purpose of tax expenditure. Requires future tax expenditures to sunset within six tax years of initial tax year in which tax expenditure is applicable.

Sunsets credit allowed for insurers providing workers' compensation coverage.

Establishes income tax credit for manufacturing facility if taxpayer makes capital investment. Provides for certification by Oregon Business Development Department. Authorizes department to certify business firms on or after October 1, 2013, and on or before December 31, 2017. Limits amount of credits allowed per biennium. Applies to tax years beginning on or after January 1, 2014, and before January 1, 2018.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to tax expenditures; creating new provisions; amending ORS 173.025, 284.367, 284.368,
3 314.752, 315.050, 315.141, 315.163, 315.164, 315.167, 315.169, 315.172, 315.266, 315.336, 315.514,
4 315.521, 315.613, 315.616, 315.622, 316.102, 316.502, 317.147, 317.152, 317.154, 318.031, 455.380,
5 456.508, 456.510, 456.585 and 566.340 and section 19, chapter 954, Oregon Laws 2001, sections 7
6 and 10, chapter 826, Oregon Laws 2005, section 66, chapter 832, Oregon Laws 2005, section 6,
7 chapter 880, Oregon Laws 2007, sections 2b, 7b and 18, chapter 906, Oregon Laws 2007, sections
8 20, 24, 25, 27, 28, 34 and 36, chapter 913, Oregon Laws 2009, and section 29, chapter 377, Oregon
9 Laws 2013 (Enrolled House Bill 2492); repealing section 5, chapter 880, Oregon Laws 2007, and
10 section 28, chapter 377, Oregon Laws 2013 (Enrolled House Bill 2492); and prescribing an ef-

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 fective date.

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

3 **SECTION 1.** Section 6, chapter 880, Oregon Laws 2007, is amended to read:

4 **Sec. 6.** *[The repeal of ORS 315.266 by section 5 of this 2007 Act applies to tax years beginning*
5 *on or after January 1, 2014.]* **ORS 315.266 applies to tax years beginning before January 1, 2020.**

6 **SECTION 2. Section 5, chapter 880, Oregon Laws 2007, and section 28, chapter 377,**
7 **Oregon Laws 2013 (Enrolled House Bill 2492), are repealed.**

8 **SECTION 3.** Section 29, chapter 377, Oregon Laws 2013 (Enrolled House Bill 2492), is amended
9 to read:

10 **Sec. 29.** (1) Except as provided in subsections (2) and (3) of this section, *[section 28 of this 2013*
11 *Act and]* the amendments to statutes by sections 1 to 27 *[of this 2013 Act]*, **chapter 377, Oregon**
12 **Laws 2013 (Enrolled House Bill 2492)**, apply to transactions or activities occurring on or after
13 January 1, 2013, in tax years beginning on or after January 1, 2013.

14 (2) The effective and applicable dates, and the exceptions, special rules and coordination with
15 the Internal Revenue Code, as amended, relative to those dates, contained in the Middle Class Tax
16 Relief and Job Creation Act of 2012 (P.L. 112-96), the American Taxpayer Relief Act of 2012 (P.L.
17 112-240) and other federal law amending the Internal Revenue Code and enacted before January 3,
18 2013, apply for Oregon personal income and corporate excise and income tax purposes, to the extent
19 they can be made applicable, in the same manner as they are applied under the Internal Revenue
20 Code and related federal law.

21 (3)(a) If a deficiency is assessed against any taxpayer for a tax year beginning before January
22 1, 2013, and the deficiency or any portion thereof is attributable to any retroactive treatment under
23 the amendments to ORS 305.230, 305.494, 305.690, 307.130, 307.147, 308A.450, 310.140, 310.630,
24 310.800, 314.011, 315.004, 316.012, 317.010, 317.097 and 348.841 by sections 11 to 25 *[of this 2013*
25 *Act]*, **chapter 377, Oregon Laws 2013 (Enrolled House Bill 2492)**, then any interest or penalty
26 assessed under ORS chapter 305, 314, 315, 316, 317 or 318 with respect to the deficiency or portion
27 thereof shall be canceled.

28 (b) If a refund is due any taxpayer for a tax year beginning before January 1, 2013, and the re-
29 fund or any portion thereof is due the taxpayer on account of any retroactive treatment under the
30 amendments to ORS 305.230, 305.494, 305.690, 307.130, 307.147, 308A.450, 310.140, 310.630, 310.800,
31 314.011, 315.004, 316.012, 317.010, 317.097 and 348.841 by sections 11 to 25 *[of this 2013 Act]*, **chapter**
32 **377, Oregon Laws 2013 (Enrolled House Bill 2492)**, then notwithstanding ORS 305.270 or 314.415
33 or other law, the refund or portion thereof shall be paid without interest.

34 (c) Any changes required because of the amendments to ORS 305.230, 305.494, 305.690, 307.130,
35 307.147, 308A.450, 310.140, 310.630, 310.800, 314.011, 315.004, 316.012, 317.010, 317.097 and 348.841 by
36 sections 11 to 25 *[of this 2013 Act]*, **chapter 377, Oregon Laws 2013 (Enrolled House Bill 2492)**,
37 for a tax year beginning before January 1, 2013, shall be made by filing an amended return within
38 the time prescribed by law.

39 (d) If a taxpayer fails to file an amended return under paragraph (c) of this subsection, the De-
40 partment of Revenue shall make any changes under paragraph (c) of this subsection on the return
41 to which the changes relate within the period specified for issuing a notice of deficiency or claiming
42 a refund as otherwise provided by law with respect to that return, or within one year after a return
43 for a tax year beginning on or after January 1, 2013, and before January 1, 2014, is filed, whichever
44 period expires later.

45 **SECTION 4.** ORS 315.266 is amended to read:

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

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

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

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

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

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

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

24 **SECTION 5. The amendments to ORS 315.266 by section 4 of this 2013 Act apply to tax**
25 **years beginning on or after January 1, 2013, and before January 1, 2020.**

26 **SECTION 6.** ORS 316.102 is amended to read:

27 316.102. (1) A credit against taxes shall be allowed for voluntary contributions in money made
28 in the taxable year:

29 (a) To a major political party qualified under ORS 248.006 or to a committee thereof or to a
30 minor political party qualified under ORS 248.008 or to a committee thereof.

31 (b) To or for the use of a person who must be a candidate for nomination or election to a fed-
32 eral, state or local elective office in any primary election, general election or special election in this
33 state. The person must, in the calendar year in which the contribution is made, either be listed on
34 a primary election, general election or special election ballot in this state or have filed in this state
35 one of the following:

36 (A) A prospective petition;

37 (B) A declaration of candidacy;

38 (C) A certificate of nomination; or

39 (D) A designation of a principal campaign committee.

40 (c) To a political committee, as defined in ORS 260.005, if the political committee has certified
41 the name of its treasurer to the filing officer, as defined in ORS 260.005, in the manner provided in
42 ORS chapter 260.

43 (2) The credit allowed by subsection (1) of this section shall be the lesser of:

44 (a) The total contribution, *[not to exceed \$50 on a separate return; the total contribution,]* not to
45 exceed \$100 on a joint return **or \$50 on any other type of return;** or

1 (b) The tax liability of the taxpayer.

2 **(3) A taxpayer may not claim the credit allowed under this section if the taxpayer has**
3 **federal adjusted gross income in excess of \$200,000 on a joint return or \$100,000 on any other**
4 **type of return.**

5 [(3)] (4) The claim for tax credit shall be substantiated by submission, with the tax return, of
6 official receipts of the candidate, agent, political party or committee thereof or political committee
7 to whom contribution was made.

8 **SECTION 6a. The amendments to ORS 316.102 by section 6 of this 2013 Act apply to tax**
9 **years beginning on or after January 1, 2014.**

10 **SECTION 7.** Section 34, chapter 913, Oregon Laws 2009, is amended to read:

11 **Sec. 34.** A credit may not be claimed under ORS 316.102 for tax years beginning on or after
12 January 1, [2014] **2020.**

13 **SECTION 8.** Section 19, chapter 954, Oregon Laws 2001, as amended by section 35, chapter 913,
14 Oregon Laws 2009, is amended to read:

15 **Sec. 19.** ORS 315.675 applies to tax years beginning on or after January 1, 2002, and before
16 January 1, [2014] **2020.**

17 **SECTION 9.** Section 36, chapter 913, Oregon Laws 2009, is amended to read:

18 **Sec. 36.** A credit may not be claimed under ORS 316.157 for tax years beginning on or after
19 January 1, [2014] **2020.**

20 **SECTION 10.** Section 25, chapter 913, Oregon Laws 2009, is amended to read:

21 **Sec. 25.** (1) Except as provided in subsection (2) of this section, a credit may not be claimed
22 under ORS 315.613 for tax years beginning on or after January 1, [2014] **2016.**

23 (2) A taxpayer who meets the eligibility requirements in ORS 315.613 for the tax year beginning
24 on or after January 1, [2013] **2015**, and before January 1, [2014] **2016**, shall be allowed the credit
25 under ORS 315.613 for any tax year:

26 (a) That begins on or before January 1, [2023] **2026**; and

27 (b) For which the taxpayer meets the eligibility requirements of ORS 315.613.

28 **SECTION 11.** ORS 315.613 is amended to read:

29 315.613. (1) A resident or nonresident individual certified as eligible under ORS 442.563, licensed
30 under ORS chapter 677, who is engaged in the practice of medicine, and who [*has a rural practice*
31 *that amounts to 60 percent of the individual's practice,*] **is engaged for at least 20 hours per week,**
32 **averaged over the month, during the tax year in a rural practice,** shall be allowed an annual
33 credit against taxes otherwise due under [*this chapter*] **ORS chapter 316** in the sum of \$5,000 during
34 the time in which the individual retains such practice and membership if the individual is actively
35 practicing in and is a member of the medical staff of one of the following hospitals:

36 (a) A type A hospital designated as such by the Office of Rural Health;

37 (b) A type B hospital designated as such by the Office of Rural Health if the hospital is:

38 (A) Not within the boundaries of a metropolitan statistical area;

39 (B) Located 30 or more highway miles from the closest hospital within the major population
40 center in a metropolitan statistical area; or

41 (C) Located in a county with a population of less than 75,000;

42 (c) A type C rural hospital, if the Office of Rural Health makes the findings required by ORS
43 315.619; or

44 (d) A rural critical access hospital.

45 **(2) In order to claim the credit allowed under this section, the individual must remain**

1 **willing during the tax year to serve patients with Medicare coverage and patients receiving**
2 **medical assistance in at least the same proportion to the individual's total number of pa-**
3 **tients as the Medicare and medical assistance populations represent of the total number of**
4 **persons determined by the Office of Rural Health to be in need of care in the county served**
5 **by the practice, not to exceed 20 percent Medicare patients or 15 percent medical assistance**
6 **patients.**

7 [(2)] (3) A nonresident **individual** shall be allowed the credit under this section in the proportion
8 provided in ORS 316.117. If a change in the status of a taxpayer from resident to nonresident or from
9 nonresident to resident occurs, the credit allowed by this section shall be determined in a manner
10 consistent with ORS 316.117.

11 [(3)] (4) For purposes of this section, an "individual's practice" shall be determined on the basis
12 of actual time spent in practice each week in hours or days, whichever is considered by the Office
13 of Rural Health to be more appropriate. In the case of a shareholder of a corporation or a member
14 of a partnership, only the time of the individual shareholder or partner shall be considered and the
15 full amount of the credit shall be allowed to each shareholder or partner who qualifies in an indi-
16 vidual capacity.

17 [(4)] (5) As used in this section:

18 (a) "Type A hospital," "type B hospital" and "type C hospital" have the meaning for those terms
19 provided in ORS 442.470.

20 (b) "Rural critical access hospital" means a facility that meets the criteria set forth in 42 U.S.C.
21 1395i-4 (c)(2)(B) and that has been designated a critical access hospital by the Office of Rural Health
22 and the Oregon Health Authority.

23 **SECTION 12.** ORS 315.616 is amended to read:

24 315.616. A resident or nonresident individual who is certified as eligible under ORS 442.561,
25 442.562, 442.563 or 442.564, and is licensed as a physician or podiatric physician and surgeon under
26 ORS chapter 677, licensed as a physician assistant under ORS chapter 677, licensed as a nurse
27 practitioner under ORS chapter 678, licensed as a certified registered nurse anesthetist under ORS
28 chapter 678, licensed as a dentist under ORS chapter 679 or licensed as an optometrist under ORS
29 683.010 to 683.340 is entitled to the tax credit described in ORS 315.613 even if not a member of the
30 hospital medical staff if the Office of Rural Health certifies that the individual:

31 [*(1) Has a rural practice that amounts to 60 percent of the individual's practice; and*]

32 (1) **Is engaged for at least 20 hours per week, averaged over the month, during the tax**
33 **year in a rural practice; and**

34 (2)(a) If a physician or a physician assistant, can cause a patient to be admitted to the hospital;

35 (b) If a certified registered nurse anesthetist, is employed by or has a contractual relationship
36 with one of the hospitals described in ORS 315.613 (1); or

37 (c) If an optometrist, has consulting privileges with a hospital listed in ORS 315.613 (1). This
38 paragraph does not apply to an optometrist who qualifies as a "frontier rural practitioner," as de-
39 fined by the Office of Rural Health.

40 **SECTION 13.** **The amendments to ORS 315.613 and 315.616 by sections 11 and 12 of this**
41 **2013 Act apply to tax years beginning on or after January 1, 2014.**

42 **SECTION 14.** ORS 315.622 is amended to read:

43 315.622. (1) A resident or nonresident individual who is certified as eligible under ORS 442.550
44 to 442.570 and who is licensed as an emergency medical services provider under ORS chapter 682
45 shall be allowed a credit against the taxes that are otherwise due under ORS chapter 316 if the

1 Office of Rural Health certifies that the individual provides volunteer emergency medical services
2 in a rural area that comprise at least 20 percent of the total emergency medical services provided
3 by the individual in the tax year.

4 (2) The amount of the credit shall equal ~~[\$250]~~ **the lesser of the tax liability of the taxpayer**
5 **or \$500.**

6 (3) A nonresident shall be allowed the credit under this section in the proportion provided in
7 ORS 316.117. If a change in the status of a taxpayer from resident to nonresident or from nonresi-
8 dent to resident occurs, the credit allowed by this section shall be determined in a manner consist-
9 ent with ORS 316.117.

10 (4) As used in this section, "rural area" means a geographic area that is located at least 25
11 miles from any city with a population of 30,000 or more.

12 **SECTION 15. The amendments to ORS 315.622 by section 14 of this 2013 Act apply to tax**
13 **years beginning on or after January 1, 2014.**

14 **SECTION 16.** Section 66, chapter 832, Oregon Laws 2005, as amended by section 26, chapter
15 913, Oregon Laws 2009, is amended to read:

16 **Sec. 66.** ORS 315.622 applies to tax credit certifications issued by the Office of Rural Health
17 on or after January 1, 2006, and before January 1, ~~[2014]~~ **2020.**

18 **SECTION 17.** Section 24, chapter 913, Oregon Laws 2009, is amended to read:

19 **Sec. 24.** Except as provided in ORS 315.237 (6), a credit may not be claimed under ORS 315.237
20 for tax years beginning on or after January 1, ~~[2014]~~ **2020.**

21 **SECTION 18.** Section 28, chapter 913, Oregon Laws 2009, is amended to read:

22 **Sec. 28.** Except as provided in ORS 315.164 (8), a credit may not be claimed under ORS 315.164
23 for tax years beginning on or after January 1, ~~[2014]~~ **2020.**

24 **SECTION 19.** ORS 315.163 is amended to read:

25 315.163. As used in ORS 315.163 to 315.172:

26 (1)(a) "Acquisition costs" means the cost of acquiring buildings, structures and improvements
27 that constitute or will constitute ~~[farmworker]~~ **agriculture workforce** housing.

28 (b) "Acquisition costs" does not include the cost of acquiring land on which ~~[farmworker]~~ **ag-**
29 **riculture workforce** housing is or will be located.

30 (2) "Agricultural worker" means any person who, for an agreed remuneration or rate of
31 pay, performs temporary or permanent labor for another in the:

32 (a) Production of agricultural or aquacultural crops or products;

33 (b) Handling of agricultural or aquacultural crops or products in an unprocessed stage;

34 (c) Processing of agricultural or aquacultural crops or products;

35 (d) Planting, cultivating or harvesting of seasonal agricultural crops; or

36 (e) Forestation or reforestation of lands, including but not limited to the planting,
37 transplanting, tubing, precommercial thinning and thinning of trees and seedlings, the
38 clearing, piling and disposal of brush and slash and other related activities.

39 (3) "Agriculture workforce housing" means housing:

40 (a) Limited to occupancy by agricultural workers, including agricultural workers who are
41 retired or disabled, and their immediate families; and

42 (b) No dwelling unit of which is occupied by a relative of the owner or operator of the
43 agriculture workforce housing, except in the case of a manufactured dwelling in a manufac-
44 tured dwelling park nonprofit cooperative as defined in ORS 62.803.

45 (4) "Agriculture workforce housing project" means the acquisition, construction, instal-

1 **lation or rehabilitation of agriculture workforce housing.**

2 [(2)] (5) “Condition of habitability” means a condition that is in compliance with:

3 (a) The applicable provisions of the state building code under ORS chapter 455 and the rules
4 adopted thereunder; or

5 (b) If determined on or before December 31, 1995, sections 12 and 13, chapter 964, Oregon Laws
6 1989.

7 [(3)] (6) “Contributor” means a person:

8 (a) That acquired, constructed, manufactured or installed [*farmworker*] **agriculture workforce**
9 housing or contributed money to finance [*a farmworker*] **an agriculture workforce** housing project;
10 or

11 (b) That has purchased or otherwise received via transfer a credit as provided in ORS 315.169
12 (2).

13 [(4)] (7) “Eligible costs” includes acquisition costs, finance costs, construction costs, excavation
14 costs, installation costs and permit costs and excludes land costs.

15 [(5)] “*Farmworker*” means any person who, for an agreed remuneration or rate of pay, performs
16 temporary or permanent labor for another in the:]

17 [(a)] *Production of agricultural or aquacultural crops or products;*]

18 [(b)] *Handling of agricultural or aquacultural crops or products in an unprocessed stage;*]

19 [(c)] *Processing of agricultural or aquacultural crops or products;*]

20 [(d)] *Planting, cultivating or harvesting of seasonal agricultural crops; or]*

21 [(e)] *Forestation or reforestation of lands, including but not limited to the planting, transplanting,*
22 *tubing, precommercial thinning and thinning of trees and seedlings, the clearing, piling and disposal*
23 *of brush and slash and other related activities.]*

24 [(6)] “*Farmworker housing*” means housing:]

25 [(a)] *Limited to occupancy by farmworkers, including farmworkers who are retired or disabled, and*
26 *their immediate families; and]*

27 [(b)] *No dwelling unit of which is occupied by a relative of the owner or operator of the farmworker*
28 *housing, except in the case of a manufactured dwelling in a manufactured dwelling park nonprofit co-*
29 *operative as that term is defined in ORS 62.803.]*

30 [(7)] “*Farmworker housing project*” means the acquisition, construction, installation or rehabili-
31 *tation of farmworker housing.]*

32 (8)(a) “Owner” means a person that owns [*farmworker*] **agriculture workforce** housing.

33 (b) “Owner” does not include a person that only has an interest in the **agriculture workforce**
34 housing as a holder of a security interest.

35 (9) “Rehabilitation” means to make repairs or improvements to a building that improve its
36 livability and are consistent with applicable building codes.

37 (10) “Relative” means a brother or sister (whether by the whole or by half blood), spouse, an-
38 cestor (whether by law or by blood), or lineal descendant of an individual.

39 (11) “Taxpayer” includes a nonprofit corporation, a tax-exempt entity or any other person not
40 subject to tax under ORS chapter 316, 317 or 318.

41 **SECTION 20.** ORS 315.164 is amended to read:

42 315.164. (1) A taxpayer who is the owner or operator of [*farmworker*] **agriculture workforce**
43 housing is allowed a credit against the taxes otherwise due under ORS chapter 316, if the taxpayer
44 is a resident individual, or against the taxes otherwise due under ORS chapter 317, if the taxpayer
45 is a corporation. The total amount of the credit shall be equal to 50 percent of the eligible costs

1 actually paid or incurred by the taxpayer to complete [*a farmworker*] **an agriculture workforce**
2 housing project, to the extent the eligible costs actually paid or incurred by the taxpayer do not
3 exceed the estimate of eligible costs approved by the Housing and Community Services Department
4 under ORS 315.167.

5 (2) A taxpayer who is otherwise eligible to claim a credit under this section may elect to
6 transfer all or a portion of the credit to a contributor in the manner provided in ORS 315.169.

7 (3)(a) The credit allowed under this section may be taken for the tax year in which the
8 [*farmworker*] **agriculture workforce** housing project is completed or in any of the nine tax years
9 succeeding the tax year in which the project is completed.

10 (b) The credit allowed in any one tax year may not exceed 20 percent of the amount determined
11 under subsection (1) of this section.

12 (4)(a) To claim a credit under this section, a taxpayer must show in each year following the
13 completion of [*a farmworker*] **an agriculture workforce** housing project that the housing continues
14 to be operated as [*farmworker*] **agriculture workforce** housing.

15 (b) A taxpayer need not make the showing required in paragraph (a) of this subsection if the
16 Housing and Community Services Department waives the requirement after the taxpayer has suc-
17 cessfully met the requirement for the first five years after completion of the **agriculture workforce**
18 housing project.

19 (c) The Housing and Community Services Department shall determine by rule the factors nec-
20 essary to grant a waiver. Such factors may include a documented decline in a particular area for
21 [*farmworker*] **agriculture workforce** housing.

22 (5) The credit shall apply only to [*a farmworker*] **an agriculture workforce** housing project that
23 is located within this state and physically begun on or after January 1, 1990.

24 (6)(a) A credit may not be allowed under this section unless the taxpayer claiming credit under
25 this section:

26 (A) Obtains a letter of credit approval from the Housing and Community Services Department
27 pursuant to ORS 315.167; and

28 (B) Files with the Department of Revenue an annual certification providing that all occupied
29 units for which credit is being claimed are occupied by [*farmworkers, including farmworkers*] **agri-**
30 **cultural workers, including agricultural workers** who are retired or disabled, and their immedi-
31 ate families.

32 (b) The certification described under this subsection shall be made on the form and in the time
33 and manner prescribed by the Department of Revenue.

34 (7) Except as provided under subsection (8) of this section, the credit allowed in any one year
35 may not exceed the tax liability of the taxpayer.

36 (8) Any tax credit otherwise allowable under this section that is not used by the taxpayer in a
37 particular tax year may be carried forward and offset against the taxpayer's tax liability for the next
38 succeeding tax year. Any credit remaining unused in the next succeeding tax year may be carried
39 forward and used in the second succeeding tax year, and likewise any credit not used in that second
40 succeeding tax year may be carried forward and used in the third succeeding tax year, and any
41 credit not used in that third succeeding tax year may be carried forward and used in the fourth
42 succeeding tax year, and any credit not used in that fourth succeeding tax year may be carried
43 forward and used in the fifth succeeding tax year, and any credit not used in that fifth succeeding
44 tax year may be carried forward and used in the sixth succeeding tax year, and any credit not used
45 in that sixth succeeding tax year may be carried forward and used in the seventh succeeding tax

1 year, and any credit not used in that seventh succeeding tax year may be carried forward and used
2 in the eighth succeeding tax year, and any credit not used in that eighth succeeding tax year may
3 be carried forward and used in the ninth succeeding tax year, but may not be carried forward for
4 any tax year thereafter.

5 (9)(a) The credit provided by this section is not in lieu of any depreciation or amortization de-
6 duction for the **agriculture workforce housing** project to which the taxpayer otherwise may be
7 entitled under ORS chapter 316 or 317 for the year.

8 (b) The taxpayer's adjusted basis for determining gain or loss may not be further decreased by
9 any tax credits allowed under this section.

10 (10) For a taxpayer to receive a credit under this section, the *[farmworker]* **agriculture**
11 **workforce** housing must:

12 (a) Comply with all occupational safety or health laws, rules, regulations and standards;

13 (b) If registration is required, be registered as a farmworker camp with the Department of
14 Consumer and Business Services under ORS 658.750;

15 (c) Upon occupancy and if an indorsement is required, be operated by a person who holds a valid
16 indorsement as a farmworker camp operator under ORS 658.730; and

17 (d) Continue to be operated as *[farmworker]* **agriculture workforce** housing for a period of at
18 least 10 years after the completion of the *[farmworker]* **agriculture workforce** housing project, un-
19 less a waiver has been granted under subsection (4) of this section.

20 (11)(a) Pursuant to the procedures for a contested case under ORS chapter 183, the Department
21 of Revenue may order the disallowance of the credit allowed under this section if it finds, by order,
22 that:

23 (A) The credit was obtained by fraud or misrepresentation; or

24 (B) In the event that an owner or operator claims or claimed the credit:

25 (i) The taxpayer has failed to continue to substantially comply with the occupational safety or
26 health laws, rules, regulations or standards;

27 (ii) After occupancy and if registration is required, the *[farmworker]* **agriculture workforce**
28 housing is not registered as a farmworker camp with the Department of Consumer and Business
29 Services under ORS 658.750;

30 (iii) After occupancy and if an indorsement is required, the *[farmworker]* **agriculture workforce**
31 housing is not operated by a person who holds a valid indorsement as a farmworker camp operator
32 under ORS 658.730; or

33 (iv) The taxpayer has failed to make a showing that the housing continues to be operated as
34 *[farmworker]* **agriculture workforce** housing as required under subsection (4)(a) of this section and
35 the taxpayer has not been granted a waiver by the Housing and Community Services Department
36 under subsection (4)(b) of this section.

37 (b) If the tax credit is disallowed pursuant to this subsection, notwithstanding ORS 314.410 or
38 other law, all prior tax relief provided to the taxpayer shall be forfeited and the Department of
39 Revenue shall proceed to collect those taxes not paid by the taxpayer as a result of the prior
40 granting of the credit.

41 (c) If the tax credit is disallowed pursuant to this subsection, the taxpayer shall be denied any
42 further credit provided under this section, in connection with the *[farmworker]* **agriculture**
43 **workforce** housing project, as the case may be, from and after the date that the order of disallow-
44 ance becomes final.

45 (12) In the event that the *[farmworker]* **agriculture workforce** housing is destroyed by fire,

1 flood, natural disaster or act of God before all of the credit has been used, the taxpayer may nev-
 2 ertheless claim the credit as if no destruction had taken place. In the event of fire, if the fire chief
 3 of the fire protection district or unit determines that the fire was caused by arson, as defined in
 4 ORS 164.315 and 164.325, by the taxpayer or by another at the taxpayer's direction, then the fire
 5 chief shall notify the Department of Revenue. Upon conviction of arson, the Department of Revenue
 6 shall disallow the credit in accordance with subsection (11) of this section.

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

10 (b) 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 (c) 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 (14) The Department of Revenue may adopt rules for carrying out the provisions of this section.

17 **SECTION 21.** ORS 315.167 is amended to read:

18 315.167. (1) Prior to the completion of [*farmworker*] **an agriculture workforce** housing project
 19 for which credit under ORS 315.164 will be claimed, an owner or operator of [*farmworker*] **agricul-**
 20 **ture workforce** housing shall apply to the Housing and Community Services Department for a letter
 21 of credit approval.

22 (2) The application shall be on such form as is prescribed by the Housing and Community Ser-
 23 vices Department and shall provide:

24 (a) The name, address and taxpayer identification number of the taxpayer;

25 (b) The location of the proposed [*farmworker*] **agriculture workforce** housing;

26 (c) A description of the project identifying the type of housing that is the subject of the **agri-**
 27 **culture workforce housing** project;

28 (d) An estimate of the eligible costs of the **agriculture workforce housing** project;

29 (e) The number of units in the project dedicated to [*farmworker*] **agriculture workforce** housing
 30 and the eligible costs associated with the units;

31 (f) The amount of credit to be claimed by the owner or operator of [*farmworker*] **agriculture**
 32 **workforce** housing, and the amount of credit, if any, to be claimed by a contributor under ORS
 33 315.169; and

34 (g) Any other information as the Housing and Community Services Department may require.

35 (3) The Housing and Community Services Department may review applications using any rea-
 36 sonable system of prioritizing review established by department rule.

37 (4) Applications filed in compliance with this section shall be approved by the Housing and
 38 Community Services Department to the extent that the total of estimated eligible costs for all ap-
 39 proved **agriculture workforce housing** projects for the calendar year is equal to or less than \$7.25
 40 million. No application shall be approved if the addition of the estimated eligible costs of the project
 41 to the estimated eligible costs for all approved projects for the calendar year would exceed \$7.25
 42 million.

43 (5) Upon approval of an application, the Housing and Community Services Department shall
 44 prepare a letter of credit approval. The letter shall state the approved amount of estimated eligible
 45 costs for the **agriculture workforce housing** project and, if applicable, the portion of credit to be

1 claimed by an owner or operator of [*farmworker*] **agriculture workforce** housing under ORS 315.164
2 and the portion of credit to be claimed by a contributor under ORS 315.169. The letter shall be sent:

3 (a) To the owner or operator of [*farmworker*] **agriculture workforce** housing, if any credit is
4 to be claimed under ORS 315.164; and

5 (b) To the contributor, if any credit is to be claimed under ORS 315.169 and if the contributor
6 has been identified at the time of approval.

7 (6) At the conclusion of each calendar year, the Housing and Community Services Department
8 shall send a list of the names, addresses and taxpayer identification numbers of taxpayers to whom
9 a letter of credit approval has been issued under this section during the calendar year, along with
10 approved amounts of estimated eligible costs for each **agriculture workforce housing** project, to
11 the Department of Revenue.

12 (7) Notwithstanding that a letter of credit approval has been issued to a taxpayer under this
13 section, the Department of Revenue may disallow, in whole or in part, a claim for credit under ORS
14 315.164 upon the Department of Revenue's determination that under the provisions of ORS 315.164
15 the taxpayer is not entitled to the credit or is only entitled to a portion of the amount claimed.

16 **SECTION 22.** ORS 315.169 is amended to read:

17 315.169. (1) A taxpayer that is a contributor is allowed a credit against the taxes otherwise due
18 under ORS chapter 316, if the taxpayer is a resident individual, or ORS chapter 317, if the taxpayer
19 is a corporation, to the extent the owner or operator of [*farmworker*] **agriculture workforce** hous-
20 ing transferred all or a portion of the credit allowed to the owner or operator under ORS 315.164.

21 (2) An owner or operator of [*farmworker*] **agriculture workforce** housing may transfer all or
22 a portion of the credit allowed to the owner or operator under ORS 315.164 to one or more con-
23 tributors but the amount transferred may not total more than the total credit the owner or operator
24 may claim.

25 (3) To receive a credit under this section:

26 (a) The contributor must obtain a letter of credit approval from the Housing and Community
27 Services Department under ORS 315.167; or

28 (b) If the owner or operator of [*farmworker*] **agriculture workforce** housing elects to transfer
29 all or a portion of the credit allowed under ORS 315.164 after the date that a letter of credit ap-
30 proval has been issued to the owner or operator, the owner or operator and the contributor must
31 jointly file a statement with the Department of Revenue stating the portion of the credit the con-
32 tributor is allowed to claim and any other information the department may require by rule.

33 (4) A contributor remains eligible to receive a credit under this section even if the owner or
34 operator of the [*farmworker*] **agriculture workforce** housing becomes ineligible for the credit as a
35 result of:

36 (a) Failure to file the annual certification under ORS 315.164 (6);

37 (b) Failure to continue to substantially comply with occupational safety or health laws, rules,
38 regulations or standards under ORS 315.164 (10);

39 (c) Failure to register as a farmworker camp with the Department of Consumer and Business
40 Services under ORS 658.750;

41 (d) Failure of the operator to hold a valid indorsement as a farmworker camp operator under
42 ORS 658.730; or

43 (e) Failure to comply with any other rules or provisions relating to the operation or mainte-
44 nance of the [*farmworker*] **agriculture workforce** housing after work on the **agriculture workforce**
45 **housing** project has been completed.

1 (5)(a) A contributor does not remain eligible to receive a credit under this section if the De-
2 partment of Revenue finds, by order of a disallowance of credit and pursuant to the procedures for
3 a contested case under ORS chapter 183, that the contributor obtained the credit by fraud or mis-
4 representation, including a finding that the housing did not comply with all occupational safety or
5 health laws, rules, regulations and standards applicable for *[farmworker]* **agriculture workforce**
6 housing at the time the housing was completed.

7 (b) If the credit is disallowed pursuant to this subsection, notwithstanding ORS 314.410 or other
8 law, all prior tax relief provided to the taxpayer shall be forfeited and the department shall proceed
9 to collect those taxes not paid by the taxpayer as a result of the prior granting of the credit.

10 (c) If the credit is disallowed pursuant to this subsection, the taxpayer shall be denied any fur-
11 ther credit provided under this section, in connection with the *[farmworker]* **agriculture workforce**
12 housing project, as the case may be, from and after the date that the order of disallowance becomes
13 final.

14 (6)(a) The credit allowed under this section may be taken for the tax year in which the
15 *[farmworker]* **agriculture workforce** housing project is completed or in any of the nine tax years
16 succeeding the tax year in which the project is completed.

17 (b) The credit allowed in any one tax year may not exceed 20 percent of the amount determined
18 under subsection (2) of this section that was transferred to the contributor claiming the credit.

19 (7) Except as provided under subsection (8) of this section, the credit allowed in any one year
20 may not exceed the tax liability of the taxpayer.

21 (8) Any tax credit otherwise allowable under this section that is not used by the taxpayer in a
22 particular tax year may be carried forward and offset against the taxpayer's tax liability for the next
23 succeeding tax year. Any credit remaining unused in such next succeeding tax year may be carried
24 forward and used in the second succeeding tax year, and likewise any credit not used in that second
25 succeeding tax year may be carried forward and used in the third succeeding tax year, and any
26 credit not used in that third succeeding tax year may be carried forward and used in the fourth
27 succeeding tax year, and any credit not used in that fourth succeeding tax year may be carried
28 forward and used in the fifth succeeding tax year, and any credit not used in that fifth succeeding
29 tax year may be carried forward and used in the sixth succeeding tax year, and any credit not used
30 in that sixth succeeding tax year may be carried forward and used in the seventh succeeding tax
31 year, and any credit not used in that seventh succeeding tax year may be carried forward and used
32 in the eighth succeeding tax year, and any credit not used in that eighth succeeding tax year may
33 be carried forward and used in the ninth succeeding tax year, but may not be carried forward for
34 any tax year thereafter.

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

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

41 (c) 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 (10) The department may adopt rules for carrying out the provisions of this section.

45 **SECTION 23.** ORS 315.172 is amended to read:

1 315.172. Upon an order of the disallowance of a credit for [*farmworker*] **agriculture workforce**
 2 housing under ORS 315.164 (11) or 315.169 (5), the Department of Revenue immediately shall collect
 3 any taxes due by reason of the disallowance and shall have the benefit of all the laws of this state
 4 pertaining to the collection of income and excise taxes. An assessment of the taxes is not necessary
 5 and a statute of limitation shall not preclude the collection of the taxes.

6 **SECTION 24.** ORS 317.147 is amended to read:

7 317.147. (1) As used in this section:

8 (a) [*Farmworker*] **“Agriculture workforce housing”** has the meaning given that term in ORS
 9 315.163.

10 (b) “Lending institution” means a bank, mortgage banking company, trust company, savings
 11 bank, credit union, national banking association, federal savings and loan association, federal credit
 12 union maintaining an office in this state, nonprofit community development financial institution or
 13 nonprofit public benefit corporation operating as a lending institution.

14 (2)(a) A lending institution shall be allowed a credit against the taxes otherwise due under this
 15 chapter for the tax year equal to 50 percent of the interest income earned during the tax year on
 16 loans to finance only costs directly associated with construction or rehabilitation of [*farmworker*]
 17 **agriculture workforce** housing if, at the time the loan is made, the borrower certifies, to the sat-
 18 isfaction of the lender, that upon completion of the construction or rehabilitation and first occupa-
 19 tion by [*farmworkers*] **agricultural workers**, the housing will comply with all occupational safety
 20 or health laws, rules, regulations and standards applicable for [*farmworker*] **agriculture workforce**
 21 housing and that the housing will be occupied only by [*farmworkers*] **agricultural workers** and
 22 their immediate families.

23 (b) A copy of the certification described under paragraph (a) of this subsection shall be submit-
 24 ted to the Department of Revenue at the time that a credit under this section is first claimed.

25 (3) The credit allowed under this section applies only to loans to construct or rehabilitate
 26 [*farmworker*] **agriculture workforce** housing located within this state.

27 (4) This credit applies only to loans made on or after January 1, 1990.

28 (5) The credit allowed in any one year may not exceed the tax liability of the taxpayer.

29 (6) If the loan has a term of longer than 10 years, then the credit shall be allowed only for the
 30 tax year of the taxpayer during which the loan is made and the nine tax years immediately follow-
 31 ing.

32 (7) The credit allowed under this section does not apply to loans in which the interest rate
 33 charged exceeds 13-1/2 percent per annum.

34 (8) The credit allowed under this section applies only to interest income from the loan and does
 35 not apply to any other loan fees or other charges collected by the lending institution with respect
 36 to the loan.

37 (9) The credit allowed under this section applies only to interest income actually collected by
 38 the lending institution during the tax year.

39 (10)(a) Except as provided in paragraph (b) of this subsection, if the lending institution sells the
 40 loan to another lending institution, then the credit shall pass to the assignee or transferee of the
 41 loan, subject to the same conditions and limitations as set forth in this section.

42 (b) A lending institution may assign, sell or otherwise transfer the loan to another person and
 43 retain the right to claim the credit granted under this section if the lending institution also retains
 44 responsibility for servicing the loan.

45 (c)(A) A lending institution that is not subject to taxation under this chapter may sell or oth-

1 erwise transfer the credit allowed to the lending institution under this section to a taxpayer that
2 is subject to taxation under this chapter.

3 (B) A transferee of a credit under this section shall be allowed the credit for the tax years that
4 would have been allowable to the transferor had the transfer not occurred.

5 (C) The Department of Revenue shall by rule establish procedures for transferring a credit under
6 this section.

7 **SECTION 25.** ORS 314.752 is amended to read:

8 314.752. (1) Except as provided in ORS 314.740 (5)(b), the tax credits allowed or allowable to a
9 C corporation for purposes of ORS chapter 317 or 318 shall not be allowed to an S corporation. The
10 business tax credits allowed or allowable for purposes of ORS chapter 316 shall be allowed or are
11 allowable to the shareholders of the S corporation.

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

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

21 (4) If the shareholder is a nonresident and there is a requirement applicable for the business tax
22 credit that in the case of a nonresident the credit be allowed in the proportion provided in ORS
23 316.117, then that provision shall apply to the nonresident shareholder.

24 (5) As used in this section, "business tax credit" means a tax credit granted to personal income
25 taxpayers to encourage certain investment, to create employment, economic opportunity or incentive
26 or for charitable, educational, scientific, literary or public purposes that is listed under this sub-
27 section as a business tax credit or is designated as a business tax credit by law or by the Depart-
28 ment of Revenue by rule and includes but is not limited to the following credits: ORS 285C.309
29 (tribal taxes on reservation enterprise zones and reservation partnership zones), ORS 315.104 (fore-
30 station and reforestation), ORS 315.138 (fish screening, by-pass devices, fishways), ORS 315.141
31 (biomass production for biofuel), ORS 315.156 (crop gleaning), ORS 315.164 and 315.169
32 [*farmworker*] (**agriculture workforce** housing), ORS 315.204 (dependent care assistance), ORS
33 315.208 (dependent care facilities), ORS 315.213 (contributions for child care), ORS 315.304 (pollution
34 control facility), ORS 315.326 (renewable energy development contributions), ORS 315.331 (energy
35 conservation projects), ORS 315.336 (transportation projects), ORS 315.341 (renewable energy re-
36 source equipment manufacturing facilities), ORS 315.354 and 469B.151 (energy conservation facili-
37 ties), ORS 315.507 (electronic commerce), ORS 315.533 (low income community jobs initiative) and
38 ORS 317.115 (fueling stations necessary to operate an alternative fuel vehicle) **and section 80 of**
39 **this 2013 Act (advanced manufacturing).**

40 **SECTION 26.** ORS 455.380 is amended to read:

41 455.380. (1) Notwithstanding the provisions of ORS 455.148 and 455.150, the Department of Con-
42 sumer and Business Services is the final authority in interpretation, execution and enforcement of
43 state and municipal administration of building codes and rules with respect to construction of
44 [*farmworker*] **agriculture workforce** housing as defined in ORS 315.163.

45 (2) The department shall provide for a statewide uniform application and method of calculating

1 permit fees for [*farmworker*] **agriculture workforce** housing as defined in ORS 315.163.

2 (3) The department shall adopt rules to carry out the provisions of subsections (1) and (2) of this
3 section.

4 **SECTION 27.** ORS 456.508 is amended to read:

5 456.508. As used in ORS 456.510 and 456.513:

6 (1) "Accessible" means that housing complies with federal accessibility guidelines implementing
7 the Fair Housing Amendments Act of 1988, 42 U.S.C. 3601 et seq., as amended and in effect on
8 January 1, 2004.

9 (2) "Common living space" means a living room, family room, dining room or kitchen.

10 (3) "Contiguous units" means units that are on the same tax lot or on contiguous tax lots that
11 have a common boundary. Tax lots that are separated by a public road are contiguous tax lots for
12 purposes of this subsection.

13 (4) "New" means that the housing being constructed did not previously exist in residential or
14 nonresidential form. "New" does not include the acquisition, alteration, renovation or remodeling
15 of an existing structure.

16 (5) "Powder room" means a room containing at least a toilet and sink.

17 (6) "Rental housing" means a dwelling unit designed for nonowner occupancy under a tenancy
18 typically lasting six months or longer.

19 (7) "Subsidized development" means housing that receives one or more of the following devel-
20 opment subsidies from the Housing and Community Services Department:

21 (a) The federal low-income housing tax credit under 26 U.S.C. 42(a), if no part of the eligible
22 basis prior to the application of 26 U.S.C. 42(i)(2)(B) was financed with an obligation described in
23 26 U.S.C. 42(h)(4)(A), all as amended and in effect on January 1, 2004;

24 (b) [*A farmworker*] **An agriculture workforce** housing tax credit, as described in ORS 315.164;

25 (c) A loan that qualifies the lending institution for a subsidized housing loan tax credit, as de-
26 scribed in ORS 317.097;

27 (d) Funding under the federal HOME Investment Partnerships Act, 42 U.S.C. 12721 to 12839, as
28 amended and in effect on January 1, 2004;

29 (e) Moneys from the Oregon Housing Fund created under ORS 458.620; or

30 (f) Moneys from other grant or tax incentive programs administered by the Housing and Com-
31 munity Services Department under ORS 456.559.

32 (8) "Visitable" means capable of being approached, entered and used by individuals with mobility
33 impairments, including but not limited to individuals using wheelchairs.

34 **SECTION 28.** ORS 456.510 is amended to read:

35 456.510. (1) Except as provided in this section and ORS 456.513, the Housing and Community
36 Services Department may not provide funding for the development of new rental housing that is a
37 subsidized development unless:

38 (a) Each dwelling unit of the housing meets the following requirements:

39 (A) At least one visitable exterior route leading to a dwelling unit entrance that is stepless and
40 has a minimum clearance of 32 inches.

41 (B) One or more visitable routes between the visitable dwelling unit entrance and a visitable
42 common living space.

43 (C) At least one visitable common living space.

44 (D) One or more visitable routes between the dwelling unit entrance and a powder room.

45 (E) A powder room doorway that is stepless and has a minimum clearance of 32 inches.

1 (F) A powder room with walls that are reinforced in a manner suitable for handrail installation.

2 (G) Light switches, electrical outlets and environmental controls that are at a reachable height.

3 (b) For a development that has a shared community room or that has 20 or more contiguous
4 units, there is at least one powder room available for all tenants and guests that is accessible.

5 (2) For a multistory structure without an elevator, this section applies only to dwelling units
6 on the ground floor of the structure.

7 (3) This section does not apply to *[farmworker]* **agriculture workforce** housing **as defined in**
8 **ORS 315.163 that is** located on a farm.

9 **SECTION 29.** ORS 456.585 is amended to read:

10 456.585. The Housing and Community Services Department shall serve as the primary state
11 agency for *[farmworker housing]* information **about agriculture workforce housing as defined in**
12 **ORS 315.163.** The department shall perform the following duties related to *[farmworker]* **agriculture**
13 **workforce** housing information:

14 (1) Develop an information center for *[farmworker]* **agriculture workforce** housing financing
15 information. The department shall consult with private organizations and the *[Farmworker]* **Agri-**
16 **culture Workforce** Housing Facilitation Team established pursuant to subsection (3) of this section
17 in developing and operating the information center. The information center shall include provision
18 for access by the Internet.

19 (2) To the extent practicable, simplify the application process for funding *[farmworker]* **agricul-**
20 **ture workforce** housing projects **as defined in ORS 315.163.**

21 (3) Establish *[a Farmworker]* **an Agriculture Workforce** Housing Facilitation Team to provide
22 an ongoing discussion forum for state and local government agencies that are involved with
23 *[farmworker]* **agriculture workforce** housing. Team members shall include the Housing and Com-
24 munity Services Department, the Occupational Safety and Health Division, the State Department of
25 Agriculture, the Department of Land Conservation and Development, the Employment Department
26 and the Oregon State University Extension Service. The Housing and Community Services Depart-
27 ment shall also invite Rural Development and the Farm Service Agency of the United States De-
28 partment of Agriculture, the United States Department of Labor, local planning agencies and other
29 interested persons to be members of the team.

30 (4) Ensure that homeowner assistance programs engage in outreach efforts to contact
31 *[farmworkers]* **agricultural workers.**

32 (5) Promote the establishment and use of individual development accounts by *[farmworkers]* **ag-**
33 **ricultural workers** and others.

34 (6) Use a statewide map of crop diversity to determine housing needs, and facilitate the devel-
35 opment of *[farmworker]* **agriculture workforce** housing in appropriate locations.

36 (7) Look at creative ways to provide **agriculture workforce** housing, including but not limited
37 to time-share housing, cooperative housing, mobile and portable housing and modular housing.

38 (8) Work with private businesses, state agencies and nonprofit organizations to maximize the
39 development of *[farmworker]* **agriculture workforce** housing.

40 (9) To the extent practicable, refer housing-based conflicts to dispute resolution processes.

41 **SECTION 30.** ORS 566.340 is amended to read:

42 566.340. Notwithstanding any other provisions of law, the funds and proceeds of the trust assets
43 that are not authorized to be administered by the Secretary of Agriculture of the United States
44 under the provisions of ORS 566.330 shall be received by the Department of State Lands and by it
45 deposited in the State Treasury in an account, separate and distinct from the General Fund. Interest

1 earned by the account shall be credited to the account. Moneys in the account are continuously
2 appropriated to the Housing and Community Services Department and may be expended or obligated
3 by the Housing and Community Services Department for the purposes of ORS 566.330 or for
4 [farmworker] **agriculture workforce** housing permissible under the charter of the now dissolved
5 Oregon Rural Rehabilitation Corporation.

6 **SECTION 31.** The amendments to ORS 315.163, 315.164, 315.167, 315.169, 315.172 and 317.147
7 by sections 19 to 24 of this 2013 Act apply to tax years beginning on or after January 1, 2013.

8 **SECTION 32.** (1) The amendments to ORS 456.585 by section 29 of this 2013 Act are in-
9 tended to change the name of the “Farmworker Housing Facilitation Team” to the “Agriculture
10 Workforce Housing Facilitation Team.”

11 (2) For the purpose of harmonizing and clarifying statutory law, the Legislative Counsel
12 may substitute for words designating the “Farmworker Housing Facilitation Team,” wher-
13 ever they occur in statutory law, other words designating the “Agriculture Workforce
14 Housing Facilitation Team.”

15 **SECTION 33.** Section 18, chapter 906, Oregon Laws 2007, as amended by section 33, chapter
16 913, Oregon Laws 2009, is amended to read:

17 **Sec. 18.** Section 17, chapter 906, Oregon Laws 2007, applies to individuals whose household ends
18 tenancy at a manufactured dwelling park during a tax year that begins on or after January 1, 2007,
19 and before January 1, [2014] **2020**.

20 **SECTION 34.** Section 2b, chapter 906, Oregon Laws 2007, as amended by section 1, chapter 83,
21 Oregon Laws 2011, is amended to read:

22 **Sec. 2b.** The amendments to ORS 90.645 by section 2a, chapter 906, Oregon Laws 2007, become
23 operative January 1, [2014] **2020**.

24 **SECTION 35.** Section 7b, chapter 906, Oregon Laws 2007, as amended by section 3, chapter 83,
25 Oregon Laws 2011, is amended to read:

26 **Sec. 7b.** The amendments to ORS 90.650 by section 7a, chapter 906, Oregon Laws 2007, become
27 operative January 1, [2014] **2020**.

28 **SECTION 36.** Section 7, chapter 826, Oregon Laws 2005, as amended by section 21, chapter 906,
29 Oregon Laws 2007, is amended to read:

30 **Sec. 7.** Section 6, chapter 826, Oregon Laws 2005, applies to tax years beginning on or after
31 January 1, 2006, and before January 1, [2014] **2020**.

32 **SECTION 37.** Section 10, chapter 826, Oregon Laws 2005, as amended by section 22, chapter
33 906, Oregon Laws 2007, is amended to read:

34 **Sec. 10.** Section 9, chapter 826, Oregon Laws 2005, applies to tax years beginning on or after
35 January 1, 2006, and before January 1, [2014] **2020**.

36 **SECTION 38.** ORS 317.152 is amended to read:

37 317.152. (1) A credit against taxes otherwise due under this chapter shall be allowed to eligible
38 taxpayers for increases in qualified research expenses and basic research payments. The credit shall
39 be determined in accordance with section 41 of the Internal Revenue Code, except as follows:

40 (a) The applicable percentage specified in section 41(a) of the Internal Revenue Code shall be
41 five percent.

42 (b) “Qualified research” and “basic research” shall consist only of research conducted in
43 Oregon.

44 (c) The following do not apply to the credit allowable under this section:

45 (A) Section 41(c)(4) of the Internal Revenue Code (relating to the alternative incremental credit).

1 (B) Section 41(h) of the Internal Revenue Code (relating to termination of the federal credit).

2 (2) For purposes of this section, “eligible taxpayer” means a corporation, other than a corpo-
3 ration excluded under Internal Revenue Code section 41(e)(7)(E).

4 (3) The Income Tax Regulations as prescribed by the Secretary of the Treasury under authority
5 of section 41 of the Internal Revenue Code apply for purposes of this section, except as modified by
6 this section or as provided in rules adopted by the Department of Revenue.

7 (4) The maximum credit under this section may not exceed [*\$1 million*] **\$2 million**.

8 (5) A deduction may not be taken for the portion of expenses or payments, otherwise allowable
9 as a deduction, that is equal to the amount of the credit claimed under this section.

10 (6) Any tax credit that is otherwise allowable under this section and that is not used by the
11 taxpayer in that year may be carried forward and offset against the taxpayer’s tax liability for the
12 next succeeding tax year. Any credit remaining unused in such next succeeding tax year may be
13 carried forward and used in the second succeeding tax year, and likewise any credit not used in that
14 second succeeding tax year may be carried forward and used in the third succeeding tax year, and
15 any credit not used in that third succeeding tax year may be carried forward and used in the fourth
16 succeeding tax year, and any credit not used in that fourth succeeding tax year may be carried
17 forward and used in the fifth succeeding tax year, but may not be carried forward for any tax year
18 thereafter.

19 **SECTION 39.** ORS 317.154 is amended to read:

20 317.154. (1) A credit against taxes otherwise due under this chapter shall be allowed for quali-
21 fied research expenses that exceed 10 percent of Oregon sales.

22 (2) For purposes of this section:

23 (a) “Oregon sales” shall be computed using the laws and administrative rules for calculating the
24 numerator of the Oregon sales factor under ORS 314.665.

25 (b) “Qualified research” has the meaning given the term under section 41(d) of the Internal Re-
26 venue Code and shall consist only of research conducted in Oregon.

27 (3) The credit under this section is equal to five percent of the amount by which the qualified
28 research expenses exceed 10 percent of Oregon sales.

29 (4) The credit under this section shall not exceed \$10,000 times the number of percentage points
30 by which the qualifying research expenses exceed 10 percent of Oregon sales.

31 (5) The maximum credit under this section may not exceed [*\$1 million*] **\$2 million**.

32 **(6) A deduction may not be taken for the portion of expenses or payments, otherwise**
33 **allowable as a deduction, that is equal to the amount of the credit claimed under this section.**

34 [(6)] (7) Any tax credit that is otherwise allowable under this section and that is not used by
35 the taxpayer in that year may be carried forward and offset against the taxpayer’s tax liability for
36 the next succeeding tax year. Any credit remaining unused in such next succeeding tax year may
37 be carried forward and used in the second succeeding tax year, and likewise any credit not used in
38 that second succeeding tax year may be carried forward and used in the third succeeding tax year,
39 and any credit not used in that third succeeding tax year may be carried forward and used in the
40 fourth succeeding tax year, and any credit not used in that fourth succeeding tax year may be car-
41 ried forward and used in the fifth succeeding tax year, but may not be carried forward for any tax
42 year thereafter.

43 **SECTION 40. The amendments to ORS 317.152 and 317.154 by sections 38 and 39 of this**
44 **2013 Act apply to tax years beginning on or after January 1, 2014.**

45 **SECTION 41.** ORS 284.367, as amended by section 15, chapter 730, Oregon Laws 2011, is

1 amended to read:

2 284.367. (1) The Oregon Production Investment Fund is established in the State Treasury, separate and distinct from the General Fund. Interest earned by the Oregon Production Investment Fund shall be credited to the fund.

5 (2) Moneys in the Oregon Production Investment Fund shall consist of:

6 (a) Amounts donated to the fund;

7 (b) Amounts appropriated or otherwise transferred to the fund by the Legislative Assembly;

8 (c) Other amounts deposited in the fund from any source; and

9 (d) Interest earned by the fund.

10 (3) Ninety-five percent of moneys in the fund are continuously appropriated to the Oregon Business Development Department for the purposes of making:

12 (a) Reimbursements to filmmakers under ORS 284.368;

13 (b) Payments to a tax credit marketer for marketing services provided by the marketer as described in ORS 284.369; and

15 (c) Refunds described in ORS 315.514 (5).

16 (4) Five percent of moneys in the fund are continuously appropriated to the department for the purpose of making reimbursements to local filmmakers **or local media production services companies** under ORS 284.368 (3). **Total annual reimbursements to local media production services companies may not exceed five percent of the moneys deposited annually in the fund. On July 1 of each fiscal year, any moneys that remain unexpended or unallocated from the previous fiscal year may be used by the department for the purpose of making reimbursements to filmmakers under ORS 284.368 (2).**

23 (5) Expenditures from the fund are not subject to ORS 291.232 to 291.260.

24 **SECTION 42.** ORS 284.368 is amended to read:

25 284.368. (1) As used in this section:

26 (a) "Actual Oregon expenses" means the costs paid in Oregon for principal photography, production or postproduction in Oregon of a film, **or for media production services**, including but not limited to the purchase or rental cost of equipment, food, lodging, real property and permits and payments made for salaries, wages and benefits for work in Oregon.

30 (b) "Film" means a television movie or one or more episodes of a single television series, or a movie produced for release to theaters, video or the Internet. "Film" does not include the production of a commercial or one or more segments of a newscast or sporting event.

33 (c) "Filmmaker" means a person who owns a television or film production company.

34 (d) "Local filmmaker" means a person who owns a television or film production company that has its principal place of business in this state.

36 (e) "**Local media production services company**" means a **media production services company that has its principal place of business in this state.**

38 (f) "**Media production services**" includes **postproduction services and interactive video game development.** "**Media production services**" does not include the production of a commercial or one or more segments of a newscast or sporting event.

41 (g) "**Media production services company**" means a **person who is engaged in media production services.**

43 [(e)] (h) "Resident of this state" has the meaning given that term in ORS 316.027.

44 (2)(a) The Oregon Business Development Department may reimburse a filmmaker for a portion of the actual Oregon expenses incurred by the filmmaker.

1 (b) Maximum reimbursement for a single film shall be the total of:

2 (A) 10 percent of payments made for employee salaries, wages and benefits for work done in
3 Oregon; and

4 (B) 20 percent of all other actual Oregon expenses.

5 (c) To qualify for reimbursement under this subsection, total actual Oregon expenses for the film
6 must equal or exceed [*\$750,000*] **\$1 million**.

7 (3)(a) The department may reimburse a local filmmaker **or local media production services**
8 **company** for all or a portion of the actual Oregon expenses, **up to \$1 million**, incurred by the local
9 filmmaker **or local media production services company**.

10 (b) To qualify for reimbursement under this subsection:

11 (A) Total actual Oregon expenses paid for the film **or media production services** must be at
12 least \$75,000 [*and less than \$750,000*];

13 (B) The local filmmaker **or local media production services company** must have spent 80
14 percent of the film's payroll on employees who are residents of this state; and

15 (C) The local filmmaker **or local media production services company** must have employed or
16 contracted with a public accountant certified under ORS 673.040 for the provision of payroll ser-
17 vices.

18 (4) Reimbursement under this section shall be made from moneys credited to or deposited in the
19 Oregon Production Investment Fund during the biennium in which the actual Oregon expenses were
20 paid or any prior biennium. A reimbursement may not be made to the extent funds are not available
21 in the fund to make the reimbursement.

22 (5)(a) Total actual Oregon expenses supporting a claim for reimbursement under this section
23 must be verified by the Oregon Film and Video Office. The filmmaker **or local media production**
24 **services company** must submit to the office proof of the actual Oregon expenses. The proof must
25 include any documentation that may be required by the office in its discretion to verify the actual
26 Oregon expenses.

27 (b) The office may charge the filmmaker **or local media production services company** for
28 costs reasonably incurred to verify the actual Oregon expenses, including but not limited to the cost
29 for a review or audit of the supporting documentation by an accountant or auditor. The office may
30 require the department to deduct the costs incurred by the office in performing its review or audit
31 from any reimbursement made to the filmmaker **or local media production services company** un-
32 der this section.

33 (c) The office may adopt rules that establish a procedure for the submission and verification of
34 actual Oregon expenses.

35 **SECTION 43.** ORS 315.514 is amended to read:

36 315.514. (1) A credit against the taxes that are otherwise due under ORS chapter 316 or, if the
37 taxpayer is a corporation, under ORS chapter 317 or 318, is allowed to a taxpayer for certified film
38 production development contributions made by the taxpayer during the tax year to the Oregon
39 Production Investment Fund established under ORS 284.367.

40 (2)(a) The Department of Revenue shall, in cooperation with the Oregon Film and Video Office,
41 conduct an auction of tax credits under this section. The department may conduct the auction in the
42 manner that it determines is best suited to maximize the return to the state on the sale of tax credit
43 certifications and shall announce a reserve bid prior to conducting the auction. The reserve amount
44 shall be at least 95 percent of the total amount of the tax credit. Moneys necessary to reimburse
45 the department for the actual costs incurred by the department in administering an auction, not to

1 exceed 0.25 percent of auction proceeds, are continuously appropriated to the department. The de-
2 partment shall deposit net receipts from the auction required under this section in the Oregon Pro-
3 duction Investment Fund.

4 (b) The Oregon Film and Video Office shall adopt rules in order to achieve the following goals:

5 (A) Subject to paragraph (a) of this subsection, generate contributions for which tax credits of
6 [\$6] \$15 million are certified for each fiscal year;

7 (B) Maximize income and excise tax revenues that are retained by the State of Oregon for state
8 operations; and

9 (C) Provide the necessary financial incentives for taxpayers to make contributions, taking into
10 consideration the impact of granting a credit upon a taxpayer's federal income tax liability.

11 (3) Contributions made under this section shall be deposited in the Oregon Production Invest-
12 ment Fund.

13 (4)(a) Upon receipt of a contribution, the Oregon Film and Video Office shall, except as provided
14 in ORS 315.516, issue to the taxpayer written certification of the amount certified for tax credit
15 under this section to the extent the amount certified for tax credit, when added to all amounts
16 previously certified for tax credit under this section, does not exceed [\$6] \$15 million for the fiscal
17 year in which certification is made.

18 (b) The Oregon Film and Video Office and the department are not liable, and a refund of a
19 contributed amount need not be made, if a taxpayer who has received tax credit certification is
20 unable to use all or a portion of the tax credit to offset the tax liability of the taxpayer.

21 (5) To the extent the Oregon Film and Video Office does not certify contributed amounts as el-
22 igible for a tax credit under this section, the taxpayer may request a refund of the amount the tax-
23 payer contributed, and the office shall refund that amount.

24 (6)(a) Except as provided in paragraph (b) of this subsection, a tax credit claimed under this
25 section may not exceed the tax liability of the taxpayer and may not be carried over to another tax
26 year.

27 (b) Any tax credit otherwise allowable under this section that is not used by the taxpayer in a
28 particular tax year may be carried forward and offset against the taxpayer's tax liability for the next
29 succeeding tax year. Any credit remaining unused in the next succeeding tax year may be carried
30 forward and used in the second succeeding tax year, and likewise, any credit not used in that second
31 succeeding tax year may be carried forward and used in the third succeeding tax year but may not
32 be carried forward for any tax year thereafter.

33 (c) A taxpayer is not eligible for a tax credit under this section if the first tax year for which
34 the credit would otherwise be allowed begins on or after January 1, 2018.

35 (7) If a tax credit is claimed under this section by a nonresident or part-year resident taxpayer,
36 the amount shall be allowed without proration under ORS 316.117.

37 (8) If the amount of contribution for which a tax credit certification is made is allowed as a
38 deduction for federal tax purposes, the amount of the contribution shall be added to federal taxable
39 income for Oregon tax purposes.

40 **SECTION 44. The amendments to ORS 284.367, 284.368 and 315.514 by sections 41 to 43**
41 **of this 2013 Act apply to fiscal years beginning on or after July 1, 2013.**

42 **SECTION 45.** ORS 315.336, as amended by section 6, chapter 45, Oregon Laws 2012, is amended
43 to read:

44 315.336. (1) A credit is allowed against the taxes otherwise due under ORS chapter 316 or, if the
45 taxpayer is a corporation, under ORS chapter 317 or 318, for a transportation project, based upon

1 the certified cost of the project during the period for which the project is certified under ORS
2 469B.320 to 469B.347.

3 (2) The credit allowed for a project other than an alternative fuel vehicle infrastructure project
4 shall be as follows:

5 (a) For tax years beginning on or after January 1, 2011, and before January 1, 2012, the maxi-
6 mum allowed credit shall be:

7 (A) 35 percent of certified cost, if a preliminary certification is issued under ORS 469B.329 prior
8 to July 1, 2011; or

9 (B) 25 percent of certified cost, if a preliminary certification is issued under ORS 469B.329 on
10 or after July 1, 2011, and before January 1, 2012.

11 (b) For tax years beginning on or after January 1, 2012, and before January 1, 2013, the maxi-
12 mum allowed credit shall be 25 percent of certified cost.

13 (c) For tax years beginning on or after January 1, 2013, and before January 1, 2014, the maxi-
14 mum allowed credit shall be 20 percent of certified cost.

15 (d) For tax years beginning on or after January 1, 2014, and before January 1, 2015, the maxi-
16 mum allowed credit shall be 15 percent of certified cost.

17 (e) For tax years beginning on or after January 1, 2015, and before January 1, 2016, the maxi-
18 mum allowed credit shall be 10 percent of certified cost.

19 (3) The total amount of the credit allowable for an alternative fuel vehicle infrastructure project
20 under this section may not exceed 35 percent of the certified cost of the project.

21 (4)~~(a)~~ *Except as provided in paragraph (b) of this subsection, the credit allowed in each of the first*
22 *two tax years in which the credit is claimed shall be 10 percent of the certified cost of the project, but*
23 *may not exceed the tax liability of the taxpayer. The credit allowed in each of the succeeding three*
24 *years shall be five percent of the certified cost, but may not exceed the tax liability of the taxpayer.]*

25 *[(b) If the amount of the credit allowed under this section is less than 35 percent of the certified*
26 *cost of the project, the credit allowed in any tax year may not exceed five percent of the certified cost*
27 *of the project, and]* **The total amount of the credit allowable under this section may be claimed**
28 **in the first tax year for which the credit may be claimed, but** may not exceed the tax liability
29 of the taxpayer.

30 (5) In order for a tax credit to be allowable under this section:

31 (a) The project must be located in Oregon.

32 (b) The project must have received final certification from the Director of the State Department
33 of Energy under ORS 469B.320 to 469B.347.

34 (6) Any tax credit otherwise allowable under this section that is not used by the taxpayer in a
35 particular year may be carried forward and offset against the taxpayer's tax liability for the next
36 succeeding tax year. Any credit remaining unused in that next succeeding tax year may be carried
37 forward and used in the second succeeding tax year, and likewise, any credit not used in that second
38 succeeding tax year may be carried forward and used in the third succeeding tax year, and likewise,
39 any credit not used in that third succeeding tax year may be carried forward and used in the fourth
40 succeeding tax year, and likewise, any credit not used in that fourth succeeding tax year may be
41 carried forward and used in the fifth succeeding tax year, but may not be carried forward for any
42 tax year thereafter. Credits may be carried forward to and used in a tax year beyond the years
43 specified in subsection (2) of this section only as provided in this subsection.

44 (7) The credit allowed under this section is not in lieu of any depreciation or amortization de-
45 duction for the transportation project to which the taxpayer otherwise may be entitled for purposes

1 of ORS chapter 316, 317 or 318 for such year.

2 (8) The taxpayer's adjusted basis for determining gain or loss may not be decreased by any tax
3 credits allowed under this section.

4 (9) The definitions in ORS 469B.320 apply to this section.

5 **NOTE:** Sections 46 through 51 were deleted by amendment. Subsequent sections were not re-
6 numbered.

7 **SECTION 52. The amendments to ORS 315.336 by section 45 of this 2013 Act apply to tax**
8 **years beginning on or after January 1, 2014.**

9 **SECTION 53.** ORS 315.141, as amended by section 15, chapter 45, Oregon Laws 2012, is
10 amended to read:

11 315.141. (1) As used in this section:

12 (a) "Agricultural producer" means a person that produces biomass in Oregon that is used, in
13 Oregon, as biofuel or to produce biofuel.

14 (b) "Biofuel" means liquid, gaseous or solid fuels, derived from biomass, that have been con-
15 verted into a processed fuel ready for use as energy by a biofuel producer's customers or for direct
16 biomass energy use at the biofuel producer's site.

17 (c) "Biofuel producer" means a person that through activities in Oregon:

18 (A) Alters the physical makeup of biomass to convert it into biofuel;

19 (B) Changes one biofuel into another type of biofuel; or

20 (C) Uses biomass in Oregon to produce energy.

21 (d) "Biomass" means organic matter that is available on a renewable or recurring basis and that
22 is derived from:

23 (A) Forest or rangeland woody debris from harvesting or thinning conducted to improve forest
24 or rangeland ecological health and reduce uncharacteristic stand replacing wildfire risk;

25 (B) Wood material from hardwood timber described in ORS 321.267 (3);

26 (C) Agricultural residues;

27 (D) Offal and tallow from animal rendering;

28 (E) Food wastes collected as provided under ORS chapter 459 or 459A;

29 (F) Wood debris collected as provided under ORS chapter 459 or 459A;

30 (G) Wastewater solids; or

31 (H) Crops grown solely to be used for energy.

32 (e) "Biomass" does not mean wood that has been treated with creosote, pentachlorophenol, in-
33 organic arsenic or other inorganic chemical compounds or waste, other than matter described in
34 paragraph (d) of this subsection.

35 (f) "Biomass collector" means a person that collects biomass in Oregon to be used, in Oregon,
36 as biofuel or to produce biofuel.

37 **(g) "Canola" means plants of the genus Brassica:**

38 **(A) In which seeds having a high oil content are the primary economically valuable**
39 **product; and**

40 **(B) That have a high erucic acid content suitable for industrial uses or a low erucic acid**
41 **content suitable for edible oils.**

42 [(g)] **(h) "Oilseed processor" means a person that receives agricultural oilseeds and separates**
43 **them into meal and oil by mechanical or chemical means.**

44 **(i) "Willamette Valley" means Clackamas, Linn, Marion, Multnomah, Polk, Washington**
45 **and Yamhill Counties and the portion of Benton and Lane Counties lying east of the summit**

1 **of the Coast Range.**

2 (2) The Director of the State Department of Energy may adopt rules to define criteria, only as
3 the criteria apply to organic biomass, to determine additional characteristics of biomass for purposes
4 of this section.

5 (3)(a) An agricultural producer or biomass collector shall be allowed a credit against the taxes
6 that would otherwise be due under ORS chapter 316 or, if the taxpayer is a corporation, under ORS
7 chapter 317 or 318 for:

8 (A) The production of biomass in Oregon that is used, in Oregon, as biofuel or to produce
9 biofuel; or

10 (B) The collection of biomass in Oregon that is used, in Oregon, as biofuel or to produce biofuel.

11 (b) A credit under this section may be claimed in the tax year in which the credit is certified
12 under subsection (5) of this section.

13 (c) A taxpayer may be allowed a credit under this section for more than one of the roles defined
14 in subsection (1) of this section, but a biofuel producer that is not also an agricultural producer or
15 a biomass collector may not claim a credit under this section.

16 (d) A credit under this section may be claimed only once for each unit of biomass.

17 (e) Notwithstanding paragraph (a) of this subsection, a tax credit:

18 **(A) Is not allowed for canola grown, collected or produced in the Willamette Valley; and**

19 **(B) Is not allowed for grain corn, but a tax credit shall be allowed for other corn material.**

20 (4) The amount of the credit shall equal the amount certified under subsection (5) of this section.

21 (5)(a) The State Department of Energy may establish by rule procedures and criteria for deter-
22 mining the amount of the tax credit to be certified under this section, consistent with ORS 469B.403.
23 The department shall provide written certification to taxpayers that are eligible to claim the credit
24 under this section.

25 (b) The State Department of Energy may charge and collect a fee from taxpayers for certif-
26 ication of credits under this section. The fee may not exceed the cost to the department of deter-
27 mining the amount of certified cost.

28 (c) The State Department of Energy shall provide to the Department of Revenue a list, by tax
29 year, of taxpayers for which a credit is certified under this section, upon request of the Department
30 of Revenue.

31 (6) The amount of the credit claimed under this section for any tax year may not exceed the tax
32 liability of the taxpayer.

33 (7) Each agricultural producer or biomass collector shall maintain the written documentation
34 of the amount certified for tax credit under this section in its records for a period of at least five
35 years after the tax year in which the credit is claimed and provide the written documentation to the
36 Department of Revenue upon request.

37 (8) The credit shall be claimed on a form prescribed by the Department of Revenue that contains
38 the information required by the department.

39 (9) Any tax credit otherwise allowable under this section that is not used by the taxpayer in a
40 particular tax year may be carried forward and offset against the taxpayer's tax liability for the next
41 succeeding tax year. Any credit remaining unused in the next succeeding tax year may be carried
42 forward and used in the second succeeding tax year, and likewise any credit not used in that second
43 succeeding tax year may be carried forward and used in the third succeeding tax year, and any
44 credit not used in that third succeeding tax year may be carried forward and used in the fourth
45 succeeding tax year, but may not be carried forward for any tax year thereafter.

1 (10) In the case of a credit allowed under this section:

2 (a) A nonresident shall be allowed the credit under this section in the proportion provided in
3 ORS 316.117.

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

7 (c) If a change in the taxable year of the taxpayer occurs as described in ORS 314.085, or if the
8 department terminates the taxpayer's taxable year under ORS 314.440, the credit allowed under this
9 section shall be prorated or computed in a manner consistent with ORS 314.085.

10 **SECTION 54. The amendments to ORS 315.141 by section 53 of this 2013 Act apply to tax**
11 **years beginning on or after January 1, 2014.**

12 **SECTION 55.** ORS 315.521 is amended to read:

13 315.521. (1) There shall be allowed a credit against the taxes that are otherwise due under ORS
14 chapter 316 or, if the taxpayer is a corporation, under ORS chapter 317 or 318, for amounts con-
15 tributed to a university venture development fund established under ORS 351.697, to the extent the
16 university that established the fund issued a tax credit certificate to the taxpayer.

17 (2) The total amount of the credit allowed to a taxpayer shall equal 60 percent of the amount
18 stated on the tax credit certificate. Except as provided in subsection (3) of this section, the amount
19 of the credit allowed in any one tax year shall equal 20 percent of the amount actually contributed
20 to the fund. **The credit shall be claimed in three consecutive tax years beginning with the year**
21 **in which the credit is initially allowed.**

22 (3) The credit allowed under this section may not exceed \$50,000 or the tax liability of the tax-
23 payer for the tax year.

24 (4) In the case of a credit allowed under this section for purposes of ORS chapter 316:

25 (a) A nonresident shall be allowed the credit in the same manner and subject to the same limi-
26 tations as a resident. However, the credit shall be prorated using the proportion provided in ORS
27 316.117.

28 (b) If a change in the tax year of a taxpayer occurs as described in ORS 314.085 or if the De-
29 partment of Revenue terminates the taxpayer's tax year under ORS 314.440, the credit shall be
30 prorated or computed in a manner consistent with ORS 314.085.

31 (c) If a change in the status of a taxpayer from resident to nonresident or from nonresident to
32 resident occurs, the credit shall be determined in a manner consistent with ORS 316.117.

33 (5) A taxpayer claiming a credit under this section shall add to federal taxable income for
34 Oregon tax purposes any amount that is deducted for federal tax purposes and that also serves as
35 the basis for the credit allowed under this section.

36 **SECTION 56.** Section 27, chapter 913, Oregon Laws 2009, is amended to read:

37 **Sec. 27.** A credit may not be claimed under ORS 315.521 *[for tax years beginning]* **if the initial**
38 **tax year in which the credit would otherwise be allowed begins** on or after January 1, 2016.

39 **SECTION 57.** ORS 173.025 is amended to read:

40 173.025. (1) The Legislative Fiscal Officer, with the aid of the Oregon Department of Adminis-
41 trative Services, Legislative Revenue Officer, state agencies and affected local governmental units,
42 including school districts, shall prepare a fiscal impact statement on each measure reported out of
43 a committee of the Legislative Assembly that could have an effect on expenditures of local govern-
44 mental units, including school districts.

45 (2) The Legislative Revenue Officer, with aid of the Legislative Fiscal Officer, the Department

1 of Revenue, state agencies and affected local governmental units, including school districts, shall
2 prepare a revenue impact statement on each measure reported out of a committee of the Legislative
3 Assembly that could have any effect on revenues of local governmental units, including school dis-
4 tricts.

5 **(3)(a) As used in this subsection, “tax expenditure” has the meaning given that term in**
6 **ORS 291.201.**

7 **(b) If a revenue impact statement is prepared pursuant to subsection (2) of this section**
8 **on a measure that creates a tax expenditure, the revenue impact statement must include the**
9 **revenue impact of the measure for at least three consecutive biennia, beginning with the**
10 **current biennium.**

11 **(c) If a revenue impact statement is prepared pursuant to subsection (2) of this section**
12 **on a measure that creates or extends a tax expenditure, the revenue impact statement must**
13 **include a statement describing the public policy purpose of the tax expenditure. The public**
14 **policy purpose statement is subject to review by the committee recommending passage of the**
15 **measure.**

16 **SECTION 58.** ORS 315.050 is amended to read:

17 315.050. (1) **As used in this section, “tax expenditure” has the meaning given that term**
18 **in ORS 291.201.**

19 **(2) Any tax credit enacted by the Legislative Assembly on or after January 1, 2010, shall apply**
20 **for a maximum of six tax years beginning with the initial tax year for which the credit is applicable,**
21 **unless the Legislative Assembly expressly provides for another period of applicability.**

22 **(3) Any tax expenditure enacted by the Legislative Assembly on or after January 1, 2014,**
23 **shall apply for a maximum of six tax years beginning with the initial tax year for which the**
24 **tax expenditure is applicable, unless the Legislative Assembly expressly provides for another**
25 **period of applicability.**

26 **SECTION 59.** Section 20, chapter 913, Oregon Laws 2009, as amended by section 4, chapter 730,
27 Oregon Laws 2011, is amended to read:

28 **Sec. 20.** (1) A credit may not be claimed under ORS 317.122 (1) for tax years beginning on or
29 after January 1, 2018.

30 **(2) A credit may not be claimed under ORS 317.122 (2) for tax years beginning on or after**
31 **January 1, 2014.**

32 **NOTE:** Sections 60 through 68 were deleted by amendment. Subsequent sections were not re-
33 numbered.

34 **SECTION 69.** ORS 316.502 is amended to read:

35 316.502. (1) The net revenue from the tax imposed by this chapter, after deducting refunds, shall
36 be paid over to the State Treasurer and held in the General Fund as miscellaneous receipts avail-
37 able generally to meet any expense or obligation of the State of Oregon lawfully incurred.

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

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

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

43 (b) The refund payments in excess of tax liability authorized under ORS 315.262 and 315.266 and
44 section 17, chapter 906, Oregon Laws 2007, **and section 2, chapter 65, Oregon Laws 2012.**

45 **SECTION 70.** Sections 71 to 75 of this 2013 Act are added to and made a part of ORS

1 chapter 285C.

2 **SECTION 71.** As used in sections 71 to 75 of this 2013 Act:

3 (1) “Annual full-time equivalent employment” means the number that results from di-
4 viding by 1,820 the total number of hours for which any employed person receives pay in a
5 year.

6 (2) “Annual gross payroll” means wages and salaries paid in a year to persons employed
7 by a taxpayer, or to a licensed worker leasing company that is contracting with the taxpayer
8 to provide workers, and the taxpayer’s payments in the year for workers’ compensation,
9 payroll taxes, pension or other retirement plan contributions, health or other insurance
10 premiums and other similar benefits for persons employed by the taxpayer, or the licensed
11 worker leasing company, excluding executive officers or employees who own a five percent
12 or greater share in the taxpayer.

13 (3) “Average wage” means the annual average wage or salary reported for covered em-
14 ployment by the Oregon Employment Department for a county or for this state at the time
15 a taxpayer is certified under section 72 of this 2013 Act.

16 **SECTION 72.** (1) A taxpayer seeking the income or corporate excise tax credit allowed
17 under section 80 of this 2013 Act shall apply to the Oregon Business Development Depart-
18 ment for certification under this section.

19 (2) The application must be on a form prescribed by the Oregon Business Development
20 Department by rule and must contain the following information:

21 (a) The locations or proposed locations at which the taxpayer is or will be doing business;

22 (b) A description of new or expanded operations to be conducted by the taxpayer and the
23 intended duration of the operations;

24 (c) For the 12 months preceding the application for certification, the average number of
25 full-time, year-round employees of the taxpayer in this state;

26 (d) The intended number of full-time, year-round employees to be hired, average annual
27 gross payroll and annual full-time equivalent employment for the proposed new or expanded
28 operations of the taxpayer;

29 (e) A description of any other business activities of the taxpayer in this state at the time
30 of application;

31 (f) The proposed amount of new investment by the taxpayer in manufacturing facility
32 improvements; and

33 (g) Any other information the department requires.

34 (3) An application filed under this section must be accompanied by a fee in an amount
35 prescribed by the Oregon Business Development Department by rule. The fee required under
36 this subsection must not exceed \$25,000.

37 (4) When an application is filed under this section, the Oregon Business Development
38 Department shall review the application and determine whether:

39 (a) The taxpayer is doing business in a traded sector, as defined in ORS 285B.280;

40 (b) Prior to certification, the taxpayer will hire additional employees, with a net gain of
41 at least five full-time, year-round employees per \$1 million of tax credit allowed; and

42 (c) The increase in annual gross payroll of the taxpayer in any county divided by the
43 change in annual full-time equivalent employment of the taxpayer in that county will equal
44 or exceed 150 percent of the average wage of the county or state, whichever is less.

45 (5) Prior to issuing a certification under subsection (7) of this section, the Oregon Busi-

1 **ness Development Department shall enter into a performance agreement with the taxpayer.**
2 **The agreement must contain a statement by the taxpayer that the taxpayer would not have**
3 **made the capital investment required under section 80 of this 2013 Act or increased its an-**
4 **annual gross payroll but for the availability of the credit allowed under section 80 of this 2013**
5 **Act. The agreement must contain detailed performance measures related to the require-**
6 **ments of section 80 of this 2013 Act with which the taxpayer must comply, including condi-**
7 **tions on the number of employment positions to be created by the taxpayer, the average**
8 **wage compensation of those jobs, the minimum period of operation and the remedies avail-**
9 **able to the department in the event that the taxpayer does not meet the terms of the per-**
10 **formance agreement or other requirements under sections 71 to 75 and 80 to 82 of this 2013**
11 **Act.**

12 **(6) The Oregon Business Development Department may require escrow accounts, letters**
13 **of credit, security interests or other measures to protect the financial interests of the state**
14 **in the event a project fails to meet the conditions of the performance agreement.**

15 **(7) The Oregon Business Development Department shall issue a certification to the tax-**
16 **payer, and furnish a copy to the Department of Revenue, if the Oregon Business Develop-**
17 **ment Department determines that:**

18 **(a) The taxpayer satisfies the requirements for certification described in subsection (4)**
19 **of this section, if the taxpayer operates as described in the application filed under this sec-**
20 **tion; and**

21 **(b) The taxpayer is performing in accordance with the performance agreement required**
22 **under subsection (5) of this section.**

23 **(8) The certification issued by the Oregon Business Development Department pursuant**
24 **to subsection (7) of this section must specify:**

25 **(a) The current county average wage of each county in which the taxpayer is doing**
26 **business.**

27 **(b) The following information related to the taxpayer, as disclosed in the application as**
28 **existing at the time of application:**

29 **(A) The number of full-time, year-round employees;**

30 **(B) The annual gross payroll; and**

31 **(C) The annual full-time equivalent employment in this state.**

32 **(c) Any other information that the department requires.**

33 **(9) If the Oregon Business Development Department determines that the taxpayer does**
34 **not satisfy the requirements for certification described in subsection (4) of this section, the**
35 **department may not issue a certification.**

36 **(10) A decision to issue or deny a certification under this section is at the sole discretion**
37 **of the Director of the Oregon Business Development Department. The Oregon Business De-**
38 **velopment Department shall afford any taxpayer that is denied a certification under this**
39 **section the opportunity to contest the denial at a hearing that employs procedures that are**
40 **compatible with the requirements of due process of law. The decision of the director at the**
41 **hearing is final and is not subject to appeal.**

42 **(11) The department must approve or disapprove an application under this section within**
43 **60 days after the date that the taxpayer demonstrates to the department that the taxpayer**
44 **has hired the number of employees indicated in the application.**

45 **SECTION 73. (1) Pursuant to the procedures for a contested case under ORS chapter 183,**

1 the Director of the Oregon Business Development Department may order the suspension or
2 revocation of the certificate issued under section 72 of this 2013 Act if the director finds that:

3 (a) The certification was obtained by fraud or misrepresentation;

4 (b) The holder of the certificate or the operator of the facility has failed to construct or
5 operate the facility in compliance with the plans, specifications and procedures in the cer-
6 tificate or the performance agreement; or

7 (c) The facility is no longer in operation.

8 (2) As soon as the order of revocation under this section becomes final, the director shall
9 notify the Department of Revenue of the order of revocation. Upon notification, the Depart-
10 ment of Revenue immediately shall proceed to collect those taxes not paid by the certificate
11 holder as a result of the tax relief provided to the holder.

12 (3)(a) The Department of Revenue shall have the benefit of all laws of this state per-
13 taining to the collection of income and excise taxes and may proceed to collect the amounts
14 described in subsection (2) of this section from the person that obtained certification from
15 the Oregon Business Development Department, or any successor in interest to the business
16 interests of that person. An assessment of tax is not necessary and a statute of limitation
17 does preclude the collection of taxes described in this subsection.

18 (b) For purposes of this subsection, a lender, bankruptcy trustee or other person that
19 acquires an interest through bankruptcy or through foreclosure of a security interest is not
20 considered to be a successor in interest to the business interests of the person that obtained
21 certification.

22 **SECTION 74.** A taxpayer that has received certification for a facility under ORS 317.124
23 does not qualify for certification for a tax credit under section 80 of this 2013 Act. In that
24 case, the Oregon Business Development Department shall issue a revocation of certification
25 issued under section 72 of this 2013 Act to the taxpayer and furnish a copy of the revocation
26 to the Department of Revenue.

27 **SECTION 75.** (1) In administering the credit allowed under section 80 of this 2013 Act, the
28 Oregon Business Development Department shall establish by rule:

29 (a) Standards for reviewing the operation of a manufacturing facility, including the
30 technical evaluation of the manufacturing facility, the likelihood of the taxpayer to operate
31 the manufacturing facility successfully and prior experience of the taxpayer in comparable
32 operations.

33 (b) Standards for reviewing the financial viability of the company, including financial
34 background, assets, liabilities and business history of the taxpayer in operating the type of
35 manufacturing facility proposed in the application.

36 (c) Criteria for evaluating the number of jobs created and compensation levels appropri-
37 ate to the size of the proposed tax credit.

38 (2) The department may consult with an independent financial or technical adviser to
39 evaluate the financial and technical viability and likelihood of long-term operation and suc-
40 cess of each applicant.

41 (3) The department may also adopt rules that the department considers necessary to
42 administer sections 71 to 75 of this 2013 Act.

43 **SECTION 76.** (1) For the biennium beginning July 1, 2013, the Oregon Business Develop-
44 ment Department may not issue certifications under section 72 of this 2013 Act for more
45 than \$50 million in potential tax credits.

1 (2) For biennia beginning on or after July 1, 2015, the department may not issue certif-
2 ications under section 72 of this 2013 Act for more than \$50 million in potential tax credits
3 in any biennium.

4 **SECTION 77.** The Oregon Business Development Department may issue certifications
5 under section 72 of this 2013 Act for applications received on or after October 1, 2013, and
6 on or before December 31, 2017.

7 **SECTION 78.** Sections 80 to 82 of this 2013 Act are added to and made a part of ORS
8 chapter 315.

9 **SECTION 79.** As used in sections 80 to 82 of this 2013 Act, “annual full-time equivalent
10 employment,” “annual gross payroll” and “average wage” have the meanings given those
11 terms in section 71 of this 2013 Act.

12 **SECTION 80.** (1) As used in this section, “advanced manufacturing” means manufactur-
13 ing that:

14 (a) Requires the use and coordination of information, automation, computation, software,
15 sensing and networking;

16 (b) Employs innovative materials and emerging capabilities enabled by the physical and
17 biological sciences; or

18 (c) Requires high-skilled labor.

19 (2) A credit against taxes that are otherwise due under ORS chapter 316 or, if the tax-
20 payer is a corporation, under ORS chapter 317 or 318 is allowed to a taxpayer that makes a
21 capital investment of at least \$2.5 million and establishes that, at a manufacturing facility
22 for which certification under section 72 of this 2013 is sought, the taxpayer is:

23 (a) Doing business in a traded sector, as defined in ORS 285B.280;

24 (b) Engaged in advanced manufacturing; or

25 (c) Engaged in other manufacturing activities that during the tax year will create em-
26 ployment positions providing wages equal to at least 150 percent of the average wage for the
27 county in which the manufacturing facility is located or for this state, whichever is less.

28 (3) A taxpayer, or a taxpayer’s successor in interest, may not receive more than one
29 credit under this section.

30 (4) The Oregon Business Development Department shall give preference for the credit
31 allowed under this section to taxpayers that are engaged in manufacturing related to
32 renewable energy.

33 (5) The credit allowed under this section shall be in the amount of 50 percent of eligible
34 expenses of the taxpayer, but may not exceed \$10 million. Eligible expenses include capital
35 costs of the manufacturing facility, employee compensation that is associated with new
36 capital investment and worker training costs necessary for the first full year of operation
37 of the manufacturing facility.

38 (6) If a credit allowed under this section reduces tax liability to zero and an amount of
39 the credit remains unused, the remaining unused amount shall be refunded to the taxpayer.
40 For purposes of ORS chapters 305, 314, 315, 317 and 318, refunds issued under this subsection
41 are refunds of an overpayment of tax imposed under ORS chapter 317 or 318.

42 (7) The credit allowed under this section must be claimed in one tax year, unless the
43 certification under section 72 of this 2013 Act provides otherwise. The department may allo-
44 cate the allowance of the credit to a taxpayer over several tax years that correspond with
45 the progress of the taxpayer’s investment.

1 (8) A taxpayer seeking a credit under this section shall claim the credit on a form pre-
2 scribed by the department by rule that contains, for the tax year for which the credit is
3 claimed, the following information related to the taxpayer:

- 4 (a) The annual average number of full-time, year-round employees;
- 5 (b) The annual gross payroll;
- 6 (c) The annual full-time equivalent employment in this state; and
- 7 (d) Any other information the department requires.

8 (9)(a) A credit allowed under this section is not in lieu of any deduction for depreciation,
9 amortization, payroll costs or any other expense to which the taxpayer may be entitled.

10 (b) The taxpayer's adjusted basis for determining gain or loss may not be decreased by
11 any credit allowed under this section.

12 (c) If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or
13 if the department 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 (d)(A) A nonresident shall be allowed the credit computed under this section in the same
16 manner and subject to the same limitations as the credit allowed a resident of this state.
17 However, the credit shall be prorated using the proportion provided in ORS 316.117.

18 (B) If a change in the status of a taxpayer from resident to nonresident or from non-
19 resident to resident occurs, the credit allowed by this section shall be determined in a man-
20 ner consistent with ORS 316.117.

21 **SECTION 81.** (1) A taxpayer that has claimed a credit under section 80 of this 2013 Act
22 shall maintain records sufficient to show that the taxpayer has met the requirements for
23 certification described in section 76 of this 2013 Act and the criteria for allowing and com-
24 puting the credit under section 80 of this 2013 Act.

25 (2) The taxpayer shall provide the records required to be maintained under this section
26 to the Oregon Business Development Department or the Department of Revenue if requested
27 to do so.

28 (3) The taxpayer shall maintain the records described in this section for at least 10 years
29 following the last tax year for which the taxpayer claims any credit under section 80 of this
30 2013 Act.

31 **SECTION 82.** Not later than February 1 of each odd-numbered year, the Oregon Business
32 Development Department shall report to the Legislative Assembly on the utilization of the
33 credit allowed under sections 71 to 75 and 80 to 82 of this 2013 Act. The report required under
34 this section shall include data about:

- 35 (1) Applications for certification received.
- 36 (2) Total amounts of tax credits certified and claimed by tax year.
- 37 (3) Employment positions created or retained by taxpayers in connection with manufac-
38 turing facilities that receive credits and total payroll increase in this state attributable to
39 the credit.
- 40 (4) Capital investment realized and other economic impacts of the facilities.

41 **SECTION 83.** Sections 71 to 75 and 80 to 82 of this 2013 Act apply to tax years beginning
42 on or after January 1, 2014, and before January 1, 2018.

43 **SECTION 84.** ORS 318.031 is amended to read:

44 318.031. It being the intention of the Legislative Assembly that this chapter and ORS chapter
45 317 shall be administered as uniformly as possible (allowance being made for the difference in im-

1 position of the taxes), ORS 305.140 and 305.150, ORS chapter 314 and the following sections are in-
2 corporated into and made a part of this chapter: ORS 285C.309, 315.104, 315.141, 315.156, 315.204,
3 315.208, 315.213, 315.304, 315.326, 315.331, 315.336, 315.507 and 315.533 **and section 80 of this 2013**
4 **Act** (all only to the extent applicable to a corporation) and ORS chapter 317.

5 **SECTION 85. This 2013 Act takes effect on the 91st day after the date on which the 2013**
6 **regular session of the Seventy-seventh Legislative Assembly adjourns sine die.**

7
