

**B-Engrossed**  
**House Bill 3367**

Ordered by the Senate July 7  
Including House Amendments dated July 1 and Senate Amendments  
dated July 7

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.

*[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. **Phases out, based on income, amount of itemized deduction allowed for elderly medical expenses. For purposes of personal income taxation, corrects amount of federal income tax subtraction allowed for taxpayers who are husband and wife filing separate tax returns.**

Extends sunsets for certain income and corporate excise tax credits. Extends sunset for tax subtraction for manufactured dwelling park closures. **Provides that corporate excise tax credit allowed for qualified research activities may not be claimed for amount allowable as deduction.** 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.]* **Applies to tax years beginning on or after January 1, 2014.**

Modifies terminology in statutes addressing farmworker housing. **Applies to tax years beginning on or after January 1, 2013.**

Modifies, **for fiscal years beginning on or after July 1, 2013**, 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**

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Relating to tax expenditures; creating new provisions; amending ORS 173.025, 284.367, 284.368, 314.752, 315.050, 315.141, 315.163, 315.164, 315.167, 315.169, 315.172, 315.514, 315.521, 315.613, 315.616, 316.102, 316.502, 316.695, 317.147, 317.154, 455.380, 456.508, 456.510, 456.585 and 566.340 and section 19, chapter 954, Oregon Laws 2001, sections 7 and 10, chapter 826, Oregon Laws 2005, section 66, chapter 832, Oregon Laws 2005, section 6, chapter 880, Oregon Laws 2007, sections 2b, 7b and 18, chapter 906, Oregon Laws 2007, sections 20, 24, 25, 27, 28, 34 and 36, chapter 913, Oregon Laws 2009, and section 29, chapter 377, Oregon Laws 2013 (Enrolled House Bill 2492); repealing section 5, chapter 880, Oregon Laws 2007, and section 28, chapter 377,

**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 Oregon Laws 2013 (Enrolled House Bill 2492); and prescribing an effective 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 316.695 is amended to read:

1       316.695. (1) In addition to the modifications to federal taxable income contained in this chapter,  
2 there shall be added to or subtracted from federal taxable income:

3       (a) If, in computing federal income tax for a [taxable] tax year, the taxpayer deducted itemized  
4 deductions, as defined in section 63(d) of the Internal Revenue Code, the taxpayer shall add the  
5 amount of itemized deductions deducted (the itemized deductions less an amount, if any, by which  
6 the itemized deductions are reduced under section 68 of the Internal Revenue Code).

7       (b) If, in computing federal income tax for a [taxable] tax year, the taxpayer deducted the  
8 standard deduction, as defined in section 63(c) of the Internal Revenue Code, the taxpayer shall add  
9 the amount of the standard deduction deducted.

10       (c)(A) From federal taxable income there shall be subtracted the larger of (i) the taxpayer's  
11 itemized deductions or (ii) a standard deduction. Except as provided in subsection (8) of this section,  
12 for purposes of this subparagraph, "standard deduction" means the sum of the basic standard de-  
13 duction and the additional standard deduction.

14       (B) For purposes of subparagraph (A) of this paragraph, the basic standard deduction is:

15       (i) \$3,280, in the case of joint return filers or a surviving spouse;

16       (ii) \$1,640, in the case of an individual who is not a married individual and is not a surviving  
17 spouse;

18       (iii) \$1,640, in the case of a married individual who files a separate return; or

19       (iv) \$2,640, in the case of a head of household.

20       (C)(i) For purposes of subparagraph (A) of this paragraph for tax years beginning on or after  
21 January 1, 2003, the Department of Revenue shall annually recompute the basic standard deduction  
22 for each category of return filer listed under subparagraph (B) of this paragraph. The basic standard  
23 deduction shall be computed by dividing the monthly averaged U.S. City Average Consumer Price  
24 Index for the 12 consecutive months ending August 31 of the prior calendar year by the average  
25 U.S. City Average Consumer Price Index for the second quarter of 2002, then multiplying that quo-  
26 tient by the amount listed under subparagraph (B) of this paragraph for each category of return  
27 filer.

28       (ii) If any change in the maximum household income determined under this subparagraph is not  
29 a multiple of \$5, the increase shall be rounded to the next lower multiple of \$5.

30       (iii) As used in this subparagraph, "U.S. City Average Consumer Price Index" means the U.S.  
31 City Average Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau  
32 of Labor Statistics of the United States Department of Labor.

33       (D) For purposes of subparagraph (A) of this paragraph, the additional standard deduction is the  
34 sum of each additional amount to which the taxpayer is entitled under subsection (7) of this section.

35       (E) As used in subparagraph (B) of this paragraph, "surviving spouse" and "head of household"  
36 have the meaning given those terms in section 2 of the Internal Revenue Code.

37       (F) In the case of the following, the standard deduction referred to in subparagraph (A) of this  
38 paragraph shall be zero:

39       (i) A husband or wife filing a separate return where the other spouse has claimed itemized de-  
40 ductions under subparagraph (A) of this paragraph;

41       (ii) A nonresident alien individual;

42       (iii) An individual making a return for a period of less than 12 months on account of a change  
43 in the individual's annual accounting period;

44       (iv) An estate or trust;

45       (v) A common trust fund; or

1 (vi) A partnership.

2 (d) For the purposes of paragraph (c)(A) of this subsection, the taxpayer's itemized deductions  
3 are the sum of:

4 (A) The taxpayer's itemized deductions as defined in section 63(d) of the Internal Revenue Code  
5 (reduced, if applicable, as described under section 68 of the Internal Revenue Code) minus the de-  
6 duction for Oregon income tax (reduced, if applicable, by the proportion that the reduction in federal  
7 itemized deductions resulting from section 68 of the Internal Revenue Code bears to the amount of  
8 federal itemized deductions as defined for purposes of section 68 of the Internal Revenue Code); and

9 (B) The amount [*that may be taken into account under section 213(a) of the Internal Revenue*  
10 *Code,*] **paid for medical care of the taxpayer during the tax year and not compensated for by**  
11 **insurance or otherwise, as described in section 213(a) of the Internal Revenue Code,** not to  
12 exceed seven and one-half percent of the federal adjusted gross income of the taxpayer, if **the tax-**  
13 **payer or the taxpayer's spouse has attained 62 years of age before the close of the tax year**  
14 **and if the amount is attributable to medical care of a taxpayer who has attained 62 years**  
15 **of age before the close of the tax year.** [*the taxpayer has attained the following age before the close*  
16 *of the taxable year, or, in the case of a joint return, if either taxpayer has attained the following age*  
17 *before the close of the taxable year:*]

18 [(i) For taxable years beginning on or after January 1, 1991, and before January 1, 1993, a tax-  
19 payer must attain 58 years of age before the close of the taxable year.]

20 [(ii) For taxable years beginning on or after January 1, 1993, and before January 1, 1995, a tax-  
21 payer must attain 59 years of age before the close of the taxable year.]

22 [(iii) For taxable years beginning on or after January 1, 1995, and before January 1, 1997, a tax-  
23 payer must attain 60 years of age before the close of the taxable year.]

24 [(iv) For taxable years beginning on or after January 1, 1997, and before January 1, 1999, a tax-  
25 payer must attain 61 years of age before the close of the taxable year.]

26 [(v) For taxable years beginning on or after January 1, 1999, a taxpayer must attain 62 years of  
27 age before the close of the taxable year.]

28 (2)(a) There shall be subtracted from federal taxable income any portion of the distribution of  
29 a pension, profit-sharing, stock bonus or other retirement plan, representing that portion of contri-  
30 butions which were taxed by the State of Oregon but not taxed by the federal government under  
31 laws in effect for tax years beginning prior to January 1, 1969, or for any subsequent year in which  
32 the amount that was contributed to the plan under the Internal Revenue Code was greater than the  
33 amount allowed under this chapter.

34 (b) Interest or other earnings on any excess contributions of a pension, profit-sharing, stock  
35 bonus or other retirement plan not permitted to be deducted under paragraph (a) of this subsection  
36 [*shall*] **may** not be added to federal taxable income in the year earned by the plan and [*shall*] **may**  
37 not be subtracted from federal taxable income in the year received by the taxpayer.

38 (3)(a) Except as provided in subsection (4) of this section, there shall be added to federal taxable  
39 income the amount of any federal income taxes in excess of the amount provided in paragraphs (b)  
40 to (d) of this subsection, accrued by the taxpayer during the [*taxable*] **tax** year as described in ORS  
41 316.685, less the amount of any refund of federal taxes previously accrued for which a tax benefit  
42 was received.

43 (b) The limits applicable to this subsection are:

44 (A) \$5,500, if the federal adjusted gross income of the taxpayer for the tax year is less than  
45 \$125,000, or, if reported on a joint return, less than \$250,000.

1 (B) \$4,400, if the federal adjusted gross income of the taxpayer for the tax year is \$125,000 or  
2 more and less than \$130,000, or, if reported on a joint return, \$250,000 or more and less than  
3 \$260,000.

4 (C) \$3,300, if the federal adjusted gross income of the taxpayer for the tax year is \$130,000 or  
5 more and less than \$135,000, or, if reported on a joint return, \$260,000 or more and less than  
6 \$270,000.

7 (D) \$2,200, if the federal adjusted gross income of the taxpayer for the tax year is \$135,000 or  
8 more and less than \$140,000, or, if reported on a joint return, \$270,000 or more and less than  
9 \$280,000.

10 (E) \$1,100, if the federal adjusted gross income of the taxpayer for the tax year is \$140,000 or  
11 more and less than \$145,000, or, if reported on a joint return, \$280,000 or more and less than  
12 \$290,000.

13 (c) If the federal adjusted gross income of the taxpayer is \$145,000 or more for the tax year, or,  
14 if reported on a joint return, \$290,000 or more, the limit is zero and the taxpayer is not allowed a  
15 subtraction for federal income taxes under ORS 316.680 (1) for the tax year.

16 (d) In the case of a husband and wife filing separate tax returns, the amount added shall be in  
17 the amount of any federal income taxes in excess of **50 percent of** the amount provided for indi-  
18 vidual taxpayers under paragraphs (a) to (c) of this subsection, less the amount of any refund of  
19 federal taxes previously accrued for which a tax benefit was received.

20 (e) For purposes of this subsection, the limits applicable to a joint return shall apply to a head  
21 of household or a surviving spouse, as defined in section 2(a) and (b) of the Internal Revenue Code.

22 (f)(A) For a calendar year beginning on or after January 1, 2008, the Department of Revenue  
23 shall make a cost-of-living adjustment to the federal income tax threshold amounts described in  
24 paragraphs (b) and (d) of this subsection.

25 (B) The cost-of-living adjustment for a calendar year is the percentage by which the monthly  
26 averaged U.S. City Average Consumer Price Index for the 12 consecutive months ending August 31  
27 of the prior calendar year exceeds the monthly averaged index for the period beginning September  
28 1, 2005, and ending August 31, 2006.

29 (C) As used in this paragraph, "U.S. City Average Consumer Price Index" means the U.S. City  
30 Average Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau of  
31 Labor Statistics of the United States Department of Labor.

32 (D) If any adjustment determined under subparagraph (B) of this paragraph is not a multiple of  
33 \$50, the adjustment shall be rounded to the next lower multiple of \$50.

34 (E) The adjustment shall apply to all tax years beginning in the calendar year for which the  
35 adjustment is made.

36 (4)(a) In addition to the adjustments required by ORS 316.130, a full-year nonresident individual  
37 shall add to taxable income a proportion of any accrued federal income taxes as computed under  
38 ORS 316.685 in excess of the amount provided in subsection (3) of this section in the proportion  
39 provided in ORS 316.117.

40 (b) In the case of a husband and wife filing separate tax returns, the amount added under this  
41 subsection shall be computed in a manner consistent with the computation of the amount to be  
42 added in the case of a husband and wife filing separate returns under subsection (3) of this section.  
43 The method of computation shall be determined by the Department of Revenue by rule.

44 (5) Subsections (3)(d) and (4)(b) of this section shall not apply to married individuals living apart  
45 as defined in section 7703(b) of the Internal Revenue Code.

1 (6)(a) For tax years beginning on or after January 1, 1981, and prior to January 1, 1983, income  
2 or loss taken into account in determining federal taxable income by a shareholder of an S corpo-  
3 ration pursuant to sections 1373 to 1375 of the Internal Revenue Code shall be adjusted for purposes  
4 of determining Oregon taxable income, to the extent that as income or loss of the S corporation,  
5 they were required to be adjusted under the provisions of ORS chapter 317.

6 (b) For tax years beginning on or after January 1, 1983, items of income, loss or deduction taken  
7 into account in determining federal taxable income by a shareholder of an S corporation pursuant  
8 to sections 1366 to 1368 of the Internal Revenue Code shall be adjusted for purposes of determining  
9 Oregon taxable income, to the extent that as items of income, loss or deduction of the shareholder  
10 the items are required to be adjusted under the provisions of this chapter.

11 (c) The tax years referred to in paragraphs (a) and (b) of this subsection are those of the S  
12 corporation.

13 (d) As used in paragraph (a) of this subsection, an S corporation refers to an electing small  
14 business corporation.

15 (7)(a) The taxpayer shall be entitled to an additional amount, as referred to in subsection  
16 (1)(c)(A) and (D) of this section, of \$1,000:

17 (A) For the taxpayer if the taxpayer has attained age 65 before the close of the taxpayer's  
18 [taxable] tax year; and

19 (B) For the spouse of the taxpayer if the spouse has attained age 65 before the close of the  
20 [taxable] tax year and an additional exemption is allowable to the taxpayer for such spouse for  
21 federal income tax purposes under section 151(b) of the Internal Revenue Code.

22 (b) The taxpayer shall be entitled to an additional amount, as referred to in subsection (1)(c)(A)  
23 and (D) of this section, of \$1,000:

24 (A) For the taxpayer if the taxpayer is blind at the close of the [taxable] tax year; and

25 (B) For the spouse of the taxpayer if the spouse is blind as of the close of the [taxable] tax year  
26 and an additional exemption is allowable to the taxpayer for such spouse for federal income tax  
27 purposes under section 151(b) of the Internal Revenue Code. For purposes of this subparagraph, if  
28 the spouse dies during the [taxable] tax year, the determination of whether such spouse is blind shall  
29 be made immediately prior to death.

30 (c) In the case of an individual who is not married and is not a surviving spouse, paragraphs (a)  
31 and (b) of this subsection shall be applied by substituting "\$1,200" for "\$1,000."

32 (d) For purposes of this subsection, an individual is blind only if the individual's central visual  
33 acuity does not exceed 20/200 in the better eye with correcting lenses, or if the individual's visual  
34 acuity is greater than 20/200 but is accompanied by a limitation in the fields of vision such that the  
35 widest diameter of the visual field subtends an angle no greater than 20 degrees.

36 (8) In the case of an individual with respect to whom a deduction under section 151 of the  
37 Internal Revenue Code is allowable for federal income tax purposes to another taxpayer for a [tax-  
38 able] tax year beginning in the calendar year in which the individual's [taxable] tax year begins, the  
39 basic standard deduction (referred to in subsection (1)(c)(B) of this section) applicable to such indi-  
40 vidual for such individual's [taxable] tax year shall equal the lesser of:

41 (a) The amount allowed to the individual under section 63(c)(5) of the Internal Revenue Code for  
42 federal income tax purposes for the tax year for which the deduction is being claimed; or

43 (b) The amount determined under subsection (1)(c)(B) of this section.

44 **SECTION 5. The amendments to ORS 316.695 by section 4 of this 2013 Act apply to tax**  
45 **years beginning on or after January 1, 2013.**

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

2       316.102. (1) A credit against taxes shall be allowed for voluntary contributions in money made  
3 in the taxable year:

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

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

11       (A) A prospective petition;

12       (B) A declaration of candidacy;

13       (C) A certificate of nomination; or

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

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

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

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

21       (b) The tax liability of the taxpayer.

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

25       ~~[(3)]~~ (4) The claim for tax credit shall be substantiated by submission, with the tax return, of  
26 official receipts of the candidate, agent, political party or committee thereof or political committee  
27 to whom contribution was made.

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

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

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

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

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

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

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

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

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

43       (2) A taxpayer who meets the eligibility requirements in ORS 315.613 for the tax year beginning  
44 on or after January 1, 2013, and before January 1, 2014, shall be allowed the credit under ORS  
45 315.613 for any tax year:

- 1 (a) That begins on or before January 1, 2023; and
- 2 (b) For which the taxpayer meets the eligibility requirements of ORS 315.613.

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

4 315.613. (1) A resident or nonresident individual certified as eligible under ORS 442.563, licensed  
5 under ORS chapter 677, who is engaged in the practice of medicine, and who [*has a rural practice*  
6 *that amounts to 60 percent of the individual's practice,*] **is engaged for at least 20 hours per week,**  
7 **averaged over the month, during the tax year in a rural practice,** shall be allowed an annual  
8 credit against taxes otherwise due under [*this chapter*] **ORS chapter 316** in the sum of \$5,000 during  
9 the time in which the individual retains such practice and membership if the individual is actively  
10 practicing in and is a member of the medical staff of one of the following hospitals:

- 11 (a) A type A hospital designated as such by the Office of Rural Health;
- 12 (b) A type B hospital designated as such by the Office of Rural Health if the hospital is:
  - 13 (A) Not within the boundaries of a metropolitan statistical area;
  - 14 (B) Located 30 or more highway miles from the closest hospital within the major population
  - 15 center in a metropolitan statistical area; or
  - 16 (C) Located in a county with a population of less than 75,000;
- 17 (c) A type C rural hospital, if the Office of Rural Health makes the findings required by ORS
- 18 315.619; [*or*]

19 **(d) A rural hospital that was designated a rural referral center by the federal government**  
20 **before January 1, 1989, and that serves a community with a population of at least 14,000 but**  
21 **not more than 19,000; or**

22 [*d*] (e) A rural critical access hospital.

23 **(2) In order to claim the credit allowed under this section, the individual must remain**  
24 **willing during the tax year to serve patients with Medicare coverage and patients receiving**  
25 **medical assistance in at least the same proportion to the individual's total number of pa-**  
26 **tients as the Medicare and medical assistance populations represent of the total number of**  
27 **persons determined by the Office of Rural Health to be in need of care in the county served**  
28 **by the practice, not to exceed 20 percent Medicare patients or 15 percent medical assistance**  
29 **patients.**

30 [(2)] (3) A nonresident **individual** shall be allowed the credit under this section in the proportion  
31 provided in ORS 316.117. If a change in the status of a taxpayer from resident to nonresident or from  
32 nonresident to resident occurs, the credit allowed by this section shall be determined in a manner  
33 consistent with ORS 316.117.

34 [(3)] (4) For purposes of this section, an "individual's practice" shall be determined on the basis  
35 of actual time spent in practice each week in hours or days, whichever is considered by the Office  
36 of Rural Health to be more appropriate. In the case of a shareholder of a corporation or a member  
37 of a partnership, only the time of the individual shareholder or partner shall be considered and the  
38 full amount of the credit shall be allowed to each shareholder or partner who qualifies in an indi-  
39 vidual capacity.

40 [(4)] (5) As used in this section:

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

43 (b) "Rural critical access hospital" means a facility that meets the criteria set forth in 42 U.S.C.  
44 1395i-4 (c)(2)(B) and that has been designated a critical access hospital by the Office of Rural Health  
45 and the Oregon Health Authority.



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

2        315.616. A resident or nonresident individual who is certified as eligible under ORS 442.561,  
3        442.562, 442.563 or 442.564, and is licensed as a physician or podiatric physician and surgeon under  
4        ORS chapter 677, licensed as a physician assistant under ORS chapter 677, licensed as a nurse  
5        practitioner under ORS chapter 678, licensed as a certified registered nurse anesthetist under ORS  
6        chapter 678, licensed as a dentist under ORS chapter 679 or licensed as an optometrist under ORS  
7        683.010 to 683.340 is entitled to the tax credit described in ORS 315.613 even if not a member of the  
8        hospital medical staff if the Office of Rural Health certifies that the individual:

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

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

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

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

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

18       **SECTION 13. The amendments to ORS 315.613 and 315.616 by sections 11 and 12 of this**  
19       **2013 Act apply to tax years beginning on or after January 1, 2014.**

20       **NOTE:** Sections 14 and 15 were deleted by amendment. Subsequent sections were not renum-  
21       bered.

22       **SECTION 16.** Section 66, chapter 832, Oregon Laws 2005, as amended by section 26, chapter  
23       913, Oregon Laws 2009, is amended to read:

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

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

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

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

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

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

33       315.163. As used in ORS 315.163 to 315.172:

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

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

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

40       (a) **Production of agricultural or aquacultural crops or products;**

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

42       (c) **Processing of agricultural or aquacultural crops or products;**

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

44       (e) **Forestation or reforestation of lands, including but not limited to the planting,**  
45       **transplanting, tubing, precommercial thinning and thinning of trees and seedlings, the**

1 **clearing, piling and disposal of brush and slash and other related activities.**

2 (3) **“Agriculture workforce housing” means housing:**

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

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

8 (4) **“Agriculture workforce housing project” means the acquisition, construction, instal-**  
9 **lation or rehabilitation of agriculture workforce housing.**

10 [(2)] (5) **“Condition of habitability” means a condition that is in compliance with:**

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

13 (b) **If determined on or before December 31, 1995, sections 12 and 13, chapter 964, Oregon Laws**  
14 **1989.**

15 [(3)] (6) **“Contributor” means a person:**

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

19 (b) **That has purchased or otherwise received via transfer a credit as provided in ORS 315.169**  
20 **(2).**

21 [(4)] (7) **“Eligible costs” includes acquisition costs, finance costs, construction costs, excavation**  
22 **costs, installation costs and permit costs and excludes land costs.**

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

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

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

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

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

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

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

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

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

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

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

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

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

45 (10) **“Relative” means a brother or sister (whether by the whole or by half blood), spouse, an-**

1 cestor (whether by law or by blood), or lineal descendant of an individual.

2 (11) "Taxpayer" includes a nonprofit corporation, a tax-exempt entity or any other person not  
3 subject to tax under ORS chapter 316, 317 or 318.

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

5 315.164. (1) A taxpayer who is the owner or operator of [*farmworker*] **agriculture workforce**  
6 housing is allowed a credit against the taxes otherwise due under ORS chapter 316, if the taxpayer  
7 is a resident individual, or against the taxes otherwise due under ORS chapter 317, if the taxpayer  
8 is a corporation. The total amount of the credit shall be equal to 50 percent of the eligible costs  
9 actually paid or incurred by the taxpayer to complete [*a farmworker*] **an agriculture workforce**  
10 housing project, to the extent the eligible costs actually paid or incurred by the taxpayer do not  
11 exceed the estimate of eligible costs approved by the Housing and Community Services Department  
12 under ORS 315.167.

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

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

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

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

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

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

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

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

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

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

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

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

44 (8) Any tax credit otherwise allowable under this section that is not used by the taxpayer in a  
45 particular tax year may be carried forward and offset against the taxpayer's tax liability for the next

1 succeeding tax year. Any credit remaining unused in the next succeeding tax year may be carried  
2 forward and used in the second succeeding tax year, and likewise any credit not used in that second  
3 succeeding tax year may be carried forward and used in the third succeeding tax year, and any  
4 credit not used in that third succeeding tax year may be carried forward and used in the fourth  
5 succeeding tax year, and any credit not used in that fourth succeeding tax year may be carried  
6 forward and used in the fifth succeeding tax year, and any credit not used in that fifth succeeding  
7 tax year may be carried forward and used in the sixth succeeding tax year, and any credit not used  
8 in that sixth succeeding tax year may be carried forward and used in the seventh succeeding tax  
9 year, and any credit not used in that seventh succeeding tax year may be carried forward and used  
10 in the eighth succeeding tax year, and any credit not used in that eighth succeeding tax year may  
11 be carried forward and used in the ninth succeeding tax year, but may not be carried forward for  
12 any tax year thereafter.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

45 (b) If the tax credit is disallowed pursuant to this subsection, notwithstanding ORS 314.410 or

1 other law, all prior tax relief provided to the taxpayer shall be forfeited and the Department of  
2 Revenue shall proceed to collect those taxes not paid by the taxpayer as a result of the prior  
3 granting of the credit.

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

8 (12) In the event that the [*farmworker*] **agriculture workforce** housing is destroyed by fire,  
9 flood, natural disaster or act of God before all of the credit has been used, the taxpayer may nev-  
10 ertheless claim the credit as if no destruction had taken place. In the event of fire, if the fire chief  
11 of the fire protection district or unit determines that the fire was caused by arson, as defined in  
12 ORS 164.315 and 164.325, by the taxpayer or by another at the taxpayer's direction, then the fire  
13 chief shall notify the Department of Revenue. Upon conviction of arson, the Department of Revenue  
14 shall disallow the credit in accordance with subsection (11) of this section.

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

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

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

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

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

26 315.167. (1) Prior to the completion of [*a farmworker*] **an agriculture workforce** housing project  
27 for which credit under ORS 315.164 will be claimed, an owner or operator of [*farmworker*] **agricul-**  
28 **ture workforce** housing shall apply to the Housing and Community Services Department for a letter  
29 of credit approval.

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

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

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

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

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

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

39 (f) The amount of credit to be claimed by the owner or operator of [*farmworker*] **agriculture**  
40 **workforce** housing, and the amount of credit, if any, to be claimed by a contributor under ORS  
41 315.169; and

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

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

45 (4) Applications filed in compliance with this section shall be approved by the Housing and

1 Community Services Department to the extent that the total of estimated eligible costs for all ap-  
2 proved **agriculture workforce housing** projects for the calendar year is equal to or less than \$7.25  
3 million. No application shall be approved if the addition of the estimated eligible costs of the project  
4 to the estimated eligible costs for all approved projects for the calendar year would exceed \$7.25  
5 million.

6 (5) Upon approval of an application, the Housing and Community Services Department shall  
7 prepare a letter of credit approval. The letter shall state the approved amount of estimated eligible  
8 costs for the **agriculture workforce housing** project and, if applicable, the portion of credit to be  
9 claimed by an owner or operator of [*farmworker*] **agriculture workforce** housing under ORS 315.164  
10 and the portion of credit to be claimed by a contributor under ORS 315.169. The letter shall be sent:

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

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

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

20 (7) Notwithstanding that a letter of credit approval has been issued to a taxpayer under this  
21 section, the Department of Revenue may disallow, in whole or in part, a claim for credit under ORS  
22 315.164 upon the Department of Revenue's determination that under the provisions of ORS 315.164  
23 the taxpayer is not entitled to the credit or is only entitled to a portion of the amount claimed.

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

25 315.169. (1) A taxpayer that is a contributor is allowed a credit against the taxes otherwise due  
26 under ORS chapter 316, if the taxpayer is a resident individual, or ORS chapter 317, if the taxpayer  
27 is a corporation, to the extent the owner or operator of [*farmworker*] **agriculture workforce** hous-  
28 ing transferred all or a portion of the credit allowed to the owner or operator under ORS 315.164.

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

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

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

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

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

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

45 (b) Failure to continue to substantially comply with occupational safety or health laws, rules,

1 regulations or standards under ORS 315.164 (10);

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

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

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

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

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

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

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

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

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

29 (8) Any tax credit otherwise allowable under this section that is not used by the taxpayer in a  
30 particular tax year may be carried forward and offset against the taxpayer's tax liability for the next  
31 succeeding tax year. Any credit remaining unused in such next succeeding tax year may be carried  
32 forward and used in the second succeeding tax year, and likewise any credit not used in that second  
33 succeeding tax year may be carried forward and used in the third succeeding tax year, and any  
34 credit not used in that third succeeding tax year may be carried forward and used in the fourth  
35 succeeding tax year, and any credit not used in that fourth succeeding tax year may be carried  
36 forward and used in the fifth succeeding tax year, and any credit not used in that fifth succeeding  
37 tax year may be carried forward and used in the sixth succeeding tax year, and any credit not used  
38 in that sixth succeeding tax year may be carried forward and used in the seventh succeeding tax  
39 year, and any credit not used in that seventh succeeding tax year may be carried forward and used  
40 in the eighth succeeding tax year, and any credit not used in that eighth succeeding tax year may  
41 be carried forward and used in the ninth succeeding tax year, but may not be carried forward for  
42 any tax year thereafter.

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

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

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

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

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

9 315.172. Upon an order of the disallowance of a credit for [*farmworker*] **agriculture workforce**  
10 housing under ORS 315.164 (11) or 315.169 (5), the Department of Revenue immediately shall collect  
11 any taxes due by reason of the disallowance and shall have the benefit of all the laws of this state  
12 pertaining to the collection of income and excise taxes. An assessment of the taxes is not necessary  
13 and a statute of limitation shall not preclude the collection of the taxes.

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

15 317.147. (1) As used in this section:

16 (a) [*Farmworker*] **"Agriculture workforce housing"** has the meaning given that term in ORS  
17 315.163.

18 (b) "Lending institution" means a bank, mortgage banking company, trust company, savings  
19 bank, credit union, national banking association, federal savings and loan association, federal credit  
20 union maintaining an office in this state, nonprofit community development financial institution or  
21 nonprofit public benefit corporation operating as a lending institution.

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

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

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

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

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

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

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

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

45 (9) The credit allowed under this section applies only to interest income actually collected by



1 the lending institution during the tax year.

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

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

8 (c)(A) A lending institution that is not subject to taxation under this chapter may sell or oth-  
9 erwise transfer the credit allowed to the lending institution under this section to a taxpayer that  
10 is subject to taxation under this chapter.

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

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

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

16 314.752. (1) Except as provided in ORS 314.740 (5)(b), the tax credits allowed or allowable to a  
17 C corporation for purposes of ORS chapter 317 or 318 shall not be allowed to an S corporation. The  
18 business tax credits allowed or allowable for purposes of ORS chapter 316 shall be allowed or are  
19 allowable to the shareholders of the S corporation.

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

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

29 (4) If the shareholder is a nonresident and there is a requirement applicable for the business tax  
30 credit that in the case of a nonresident the credit be allowed in the proportion provided in ORS  
31 316.117, then that provision shall apply to the nonresident shareholder.

32 (5) As used in this section, "business tax credit" means a tax credit granted to personal income  
33 taxpayers to encourage certain investment, to create employment, economic opportunity or incentive  
34 or for charitable, educational, scientific, literary or public purposes that is listed under this sub-  
35 section as a business tax credit or is designated as a business tax credit by law or by the Depart-  
36 ment of Revenue by rule and includes but is not limited to the following credits: ORS 285C.309  
37 (tribal taxes on reservation enterprise zones and reservation partnership zones), ORS 315.104 (fore-  
38 station and reforestation), ORS 315.138 (fish screening, by-pass devices, fishways), ORS 315.141  
39 (biomass production for biofuel), ORS 315.156 (crop gleaning), ORS 315.164 and 315.169  
40 [(*farmworker*] (**agriculture workforce** housing), ORS 315.204 (dependent care assistance), ORS  
41 315.208 (dependent care facilities), ORS 315.213 (contributions for child care), ORS 315.304 (pollution  
42 control facility), ORS 315.326 (renewable energy development contributions), ORS 315.331 (energy  
43 conservation projects), ORS 315.336 (transportation projects), ORS 315.341 (renewable energy re-  
44 source equipment manufacturing facilities), ORS 315.354 and 469B.151 (energy conservation facili-  
45 ties), ORS 315.507 (electronic commerce), ORS 315.533 (low income community jobs initiative) and

1 ORS 317.115 (fueling stations necessary to operate an alternative fuel vehicle).

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

3 455.380. (1) Notwithstanding the provisions of ORS 455.148 and 455.150, the Department of Con-  
4 sumer and Business Services is the final authority in interpretation, execution and enforcement of  
5 state and municipal administration of building codes and rules with respect to construction of  
6 [*farmworker*] **agriculture workforce** housing as defined in ORS 315.163.

7 (2) The department shall provide for a statewide uniform application and method of calculating  
8 permit fees for [*farmworker*] **agriculture workforce** housing as defined in ORS 315.163.

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

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

12 456.508. As used in ORS 456.510 and 456.513:

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

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

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

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

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

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

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

28 (a) The federal low-income housing tax credit under 26 U.S.C. 42(a), if no part of the eligible  
29 basis prior to the application of 26 U.S.C. 42(i)(2)(B) was financed with an obligation described in  
30 26 U.S.C. 42(h)(4)(A), all as amended and in effect on January 1, 2004;

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

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

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

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

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

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

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

42 456.510. (1) Except as provided in this section and ORS 456.513, the Housing and Community  
43 Services Department may not provide funding for the development of new rental housing that is a  
44 subsidized development unless:

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

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

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

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

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

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

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

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

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

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

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

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

17 456.585. The Housing and Community Services Department shall serve as the primary state  
18 agency for *[farmworker housing]* information **about agriculture workforce housing as defined in**  
19 **ORS 315.163.** The department shall perform the following duties related to *[farmworker]* **agriculture**  
20 **workforce** housing information:

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

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

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

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

39 (5) Promote the establishment and use of individual development accounts by *[farmworkers]* **agri-**  
40 **icultural workers** and others.

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

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

45 (8) Work with private businesses, state agencies and nonprofit organizations to maximize the

1 development of *[farmworker]* **agriculture workforce** housing.

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

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

4 566.340. Notwithstanding any other provisions of law, the funds and proceeds of the trust assets  
5 that are not authorized to be administered by the Secretary of Agriculture of the United States  
6 under the provisions of ORS 566.330 shall be received by the Department of State Lands and by it  
7 deposited in the State Treasury in an account, separate and distinct from the General Fund. Interest  
8 earned by the account shall be credited to the account. Moneys in the account are continuously  
9 appropriated to the Housing and Community Services Department and may be expended or obligated  
10 by the Housing and Community Services Department for the purposes of ORS 566.330 or for  
11 *[farmworker]* **agriculture workforce** housing permissible under the charter of the now dissolved  
12 Oregon Rural Rehabilitation Corporation.

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

15 **SECTION 32.** (1) The amendments to ORS 456.585 by section 29 of this 2013 Act are in-  
16 tended to change the name of the “Farmworker Housing Facilitation Team” to the “Agri-  
17 culture Workforce Housing Facilitation Team.”

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

22 **SECTION 33.** Section 18, chapter 906, Oregon Laws 2007, as amended by section 33, chapter  
23 913, Oregon Laws 2009, is amended to read:

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

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

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

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

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

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

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

39 **SECTION 37.** Section 10, chapter 826, Oregon Laws 2005, as amended by section 22, chapter  
40 906, Oregon Laws 2007, is amended to read:

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

43 **SECTION 38.** ORS 317.154 is amended to read:

44 317.154. (1) A credit against taxes otherwise due under this chapter shall be allowed for quali-  
45 fied research expenses that exceed 10 percent of Oregon sales.

1 (2) For purposes of this section:

2 (a) "Oregon sales" shall be computed using the laws and administrative rules for calculating the  
3 numerator of the Oregon sales factor under ORS 314.665.

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

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

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

10 (5) The maximum credit under this section may not exceed \$1 million.

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

13 [(6)] (7) Any tax credit that is otherwise allowable under this section and that is not used by  
14 the taxpayer in that year may be carried forward and offset against the taxpayer's tax liability for  
15 the next succeeding tax year. Any credit remaining unused in such next succeeding tax year may  
16 be carried forward and used in the second succeeding tax year, and likewise any credit not used in  
17 that second succeeding tax year may be carried forward and used in the third succeeding tax year,  
18 and any credit not used in that third succeeding tax year may be carried forward and used in the  
19 fourth succeeding tax year, and any credit not used in that fourth succeeding tax year may be car-  
20 ried forward and used in the fifth succeeding tax year, but may not be carried forward for any tax  
21 year thereafter.

22 **SECTION 39. The amendments to ORS 317.154 by section 38 of this 2013 Act apply to tax**  
23 **years beginning on or after January 1, 2014.**

24 **SECTION 40.** ORS 315.141, as amended by section 15, chapter 45, Oregon Laws 2012, is  
25 amended to read:

26 315.141. (1) As used in this section:

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

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

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

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

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

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

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

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

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

41 (C) Agricultural residues;

42 (D) Offal and tallow from animal rendering;

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

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

45 (G) Wastewater solids; or

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

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

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

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

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

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

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

14 **(i) "Willamette Valley" means Clackamas, Linn, Marion, Multnomah, Polk, Washington**  
15 **and Yamhill Counties and the portion of Benton and Lane Counties lying east of the summit**  
16 **of the Coast Range.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 **SECTION 41. The amendments to ORS 315.141 by section 40 of this 2013 Act apply to tax**  
26 **years beginning on or after January 1, 2014.**

27 **SECTION 42.** ORS 315.521 is amended to read:

28 315.521. (1) There shall be allowed a credit against the taxes that are otherwise due under ORS  
29 chapter 316 or, if the taxpayer is a corporation, under ORS chapter 317 or 318, for amounts con-  
30 tributed to a university venture development fund established under ORS 351.697, to the extent the  
31 university that established the fund issued a tax credit certificate to the taxpayer.

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

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

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

40 (a) A nonresident shall be allowed the credit in the same manner and subject to the same limi-  
41 tations as a resident. However, the credit shall be prorated using the proportion provided in ORS  
42 316.117.

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

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

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

6 **SECTION 43.** Section 27, chapter 913, Oregon Laws 2009, is amended to read:

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

9 **SECTION 44.** ORS 173.025 is amended to read:

10 173.025. (1) The Legislative Fiscal Officer, with the aid of the Oregon Department of Adminis-  
11 trative Services, Legislative Revenue Officer, state agencies and affected local governmental units,  
12 including school districts, shall prepare a fiscal impact statement on each measure reported out of  
13 a committee of the Legislative Assembly that could have an effect on expenditures of local govern-  
14 mental units, including school districts.

15 (2) The Legislative Revenue Officer, with aid of the Legislative Fiscal Officer, the Department  
16 of Revenue, state agencies and affected local governmental units, including school districts, shall  
17 prepare a revenue impact statement on each measure reported out of a committee of the Legislative  
18 Assembly that could have any effect on revenues of local governmental units, including school dis-  
19 tricts.

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

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

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

31 **SECTION 45.** ORS 315.050 is amended to read:

32 315.050. (1) **As used in this section, “tax expenditure” has the meaning given that term**  
33 **in ORS 291.201.**

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

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

41 **SECTION 46.** Section 20, chapter 913, Oregon Laws 2009, as amended by section 4, chapter 730,  
42 Oregon Laws 2011, is amended to read:

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

45 (2) **A credit may not be claimed under ORS 317.122 (2) for tax years beginning on or after**



1 **January 1, 2014.**

2 **SECTION 47.** ORS 316.502 is amended to read:

3 316.502. (1) The net revenue from the tax imposed by this chapter, after deducting refunds, shall  
4 be paid over to the State Treasurer and held in the General Fund as miscellaneous receipts avail-  
5 able generally to meet any expense or obligation of the State of Oregon lawfully incurred.

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

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

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

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

13 **SECTION 48.** ORS 284.367, as amended by section 15, chapter 730, Oregon Laws 2011, is  
14 amended to read:

15 284.367. (1) The Oregon Production Investment Fund is established in the State Treasury, sepa-  
16 rate and distinct from the General Fund. Interest earned by the Oregon Production Investment Fund  
17 shall be credited to the fund.

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

19 (a) Amounts donated to the fund;

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

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

22 (d) Interest earned by the fund.

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

25 (a) Reimbursements to filmmakers under ORS 284.368;

26 (b) Payments to a tax credit marketer for marketing services provided by the marketer as de-  
27 scribed in ORS 284.369; and

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

29 (4) Five percent of moneys in the fund are continuously appropriated to the department for the  
30 purpose of making reimbursements to local filmmakers **or local media production services com-**  
31 **panies** under ORS 284.368 (3). **Total annual reimbursements to local media production services**  
32 **companies may not exceed five percent of the moneys deposited annually in the fund. On July**  
33 **1 of each fiscal year, any moneys that remain unexpended or unallocated from the previous**  
34 **fiscal year may be used by the department for the purpose of making reimbursements to**  
35 **filmmakers under ORS 284.368 (2).**

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

37 **SECTION 49.** ORS 284.368 is amended to read:

38 284.368. (1) As used in this section:

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

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

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

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

4 (e) "**Local media production services company**" means a **media production services com-**  
5 **pany that has its principal place of business in this state.**

6 (f) "**Media production services**" includes **postproduction services and interactive video**  
7 **game development. "Media production services" does not include the production of a com-**  
8 **mercial or one or more segments of a newscast or sporting event.**

9 (g) "**Media production services company**" means a **person who is engaged in media pro-**  
10 **duction services.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 **SECTION 50.** ORS 315.514 is amended to read:

4 315.514. (1) A credit against the taxes that are otherwise due under ORS chapter 316 or, if the  
5 taxpayer is a corporation, under ORS chapter 317 or 318, is allowed to a taxpayer for certified film  
6 production development contributions made by the taxpayer during the tax year to the Oregon  
7 Production Investment Fund established under ORS 284.367.

8 (2)(a) The Department of Revenue shall, in cooperation with the Oregon Film and Video Office,  
9 conduct an auction of tax credits under this section. The department may conduct the auction in the  
10 manner that it determines is best suited to maximize the return to the state on the sale of tax credit  
11 certifications and shall announce a reserve bid prior to conducting the auction. The reserve amount  
12 shall be at least 95 percent of the total amount of the tax credit. Moneys necessary to reimburse  
13 the department for the actual costs incurred by the department in administering an auction, not to  
14 exceed 0.25 percent of auction proceeds, are continuously appropriated to the department. The de-  
15 partment shall deposit net receipts from the auction required under this section in the Oregon Pro-  
16 duction Investment Fund.

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

18 (A) Subject to paragraph (a) of this subsection, generate contributions for which tax credits of  
19 ~~[\$6]~~ **\$10** million are certified for each fiscal year;

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

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

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

26 (4)(a) Upon receipt of a contribution, the Oregon Film and Video Office shall, except as provided  
27 in ORS 315.516, issue to the taxpayer written certification of the amount certified for tax credit  
28 under this section to the extent the amount certified for tax credit, when added to all amounts  
29 previously certified for tax credit under this section, does not exceed ~~[\$6]~~ **\$10** million for the fiscal  
30 year in which certification is made.

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

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

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

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

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

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

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

8 **SECTION 51. The amendments to ORS 284.367, 284.368 and 315.514 by sections 48 to 50**  
9 **of this 2013 Act apply to fiscal years beginning on or after July 1, 2013.**

10 **SECTION 52. This 2013 Act takes effect on the 91st day after the date on which the 2013**  
11 **regular session of the Seventy-seventh Legislative Assembly adjourns sine die.**

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