

Senate Bill 507

Sponsored by Senator ROSENBAUM, Representative TOMEI; Senators BATES, DINGFELDER, GEORGE, KRUSE, STEINER HAYWARD, THOMSEN, Representatives BAILEY, DOHERTY, KOMP

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Increases percentage of federal earned income credit allowable as credit against Oregon personal income tax in each of four consecutive tax years.

First applies to tax years beginning on or after January 1, 2013.

A BILL FOR AN ACT

1
2 Relating to earned income tax credits; creating new provisions; amending ORS 315.266; and repeal-
3 ing sections 5 and 6, chapter 880, Oregon Laws 2007.

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

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

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

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

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

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

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

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

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

29 **SECTION 2.** The amendments to ORS 315.266 by section 1 of this 2013 Act apply to tax
30 years beginning on or after January 1, 2013, and before January 1, 2014.

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 **SECTION 3.** ORS 315.266, as amended by section 1 of this 2013 Act, is amended to read:

2 315.266. (1) In addition to any other credit available for purposes of ORS chapter 316, an eligible
3 resident individual shall be allowed a credit against the tax otherwise due under ORS chapter 316
4 for the tax year in an amount equal to [nine] **12** percent of the earned income credit allowable to
5 the individual for the same tax year under section 32 of the Internal Revenue Code.

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

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

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

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

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

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

25 **SECTION 4. The amendments to ORS 315.266 by section 3 of this 2013 Act apply to tax**
26 **years beginning on or after January 1, 2014, and before January 1, 2015.**

27 **SECTION 5.** ORS 315.266, as amended by sections 1 and 3 of this 2013 Act, is amended to read:

28 315.266. (1) In addition to any other credit available for purposes of ORS chapter 316, an eligible
29 resident individual shall be allowed a credit against the tax otherwise due under ORS chapter 316
30 for the tax year in an amount equal to [12] **15** percent of the earned income credit allowable to the
31 individual for the same tax year under section 32 of the Internal Revenue Code.

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

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

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

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

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

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

6 **SECTION 6. The amendments to ORS 315.266 by section 5 of this 2013 Act apply to tax**
 7 **years beginning on or after January 1, 2015, and before January 1, 2016.**

8 **SECTION 7.** ORS 315.266, as amended by sections 1, 3 and 5 of this 2013 Act, is amended to
 9 read:

10 315.266. (1) In addition to any other credit available for purposes of ORS chapter 316, an eligible
 11 resident individual shall be allowed a credit against the tax otherwise due under ORS chapter 316
 12 for the tax year in an amount equal to [15] 18 percent of the earned income credit allowable to the
 13 individual for the same tax year under section 32 of the Internal Revenue Code.

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

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

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

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

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

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

33 **SECTION 8. The amendments to ORS 315.266 by section 7 of this 2013 Act apply to tax**
 34 **years beginning on or after January 1, 2016, and before January 1, 2017.**

35 **SECTION 9. ORS 315.266 applies to tax years beginning before January 1, 2017.**

36 **SECTION 10. Sections 5 and 6, chapter 880, Oregon Laws 2007, are repealed.**