

**A-Engrossed**  
**House Bill 2239**

Ordered by the House April 21  
Including House Amendments dated April 21

Sponsored by Representative DAVIS; Representatives CLEM, FAGAN (Presession filed.)

**SUMMARY**

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

Creates income tax credit for hiring of at-risk or disadvantaged youth **or youth with intellectual or developmental disability.**

Applies to tax years beginning on or after January 1, 2015, and before January 1, 2021.

Takes effect on 91st day following adjournment sine die.

**A BILL FOR AN ACT**

1  
2 Relating to taxation; creating new provisions; amending ORS 314.752 and 318.031; and prescribing  
3 an effective date.

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

5 **SECTION 1. Section 2 of this 2015 Act is added to and made a part of ORS chapter 315.**

6 **SECTION 2. (1) As used in this section:**

7 (a) "At-risk or disadvantaged youth" means an unmarried person under 19 years of age  
8 who is:

9 (A) A student who is eligible for free or reduced price lunch under the United States  
10 Department of Agriculture's National School Lunch Program;

11 (B) Taking part in an individual education plan in accordance with the Individuals with  
12 Disabilities Education Act, 20 U.S.C. 1400 et seq.;

13 (C) Not enrolled in school or participating in the labor force;

14 (D) Currently placed in foster care;

15 (E) A youth offender as defined in ORS 419A.004; or

16 (F) Currently in the custody of the Oregon Youth Authority.

17 (b) "Qualified youth" means an at-risk or disadvantaged youth, or a youth with an intel-  
18 lectual or developmental disability, who:

19 (A) As of the close of the tax year, is at least 16 and not yet 19 years of age;

20 (B) Is first employed on or after June 1, 2015, by a taxpayer claiming the credit allowed  
21 under this section; and

22 (C) Has worked at least 200 hours for the taxpayer after attaining the age of 16 and be-  
23 fore attaining the age of 19.

24 (c) "Youth with an intellectual or developmental disability" means an unmarried person  
25 under 19 years of age with an intellectual disability or a developmental disability, as those  
26 terms are defined in ORS 427.005.

27 (2) A credit against taxes that are otherwise due under ORS chapter 316 or, if the tax-

**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 payer is a corporation, under ORS chapter 317 or 318 is allowed to a taxpayer that hires a  
2 qualified youth. The amount of the credit is 25 percent of the wages paid by the taxpayer to  
3 qualified youths during the tax year, except that for wages attributable to each qualified  
4 youth, the credit is allowed for the tax year in which the qualified youth meets the require-  
5 ments of subsection (1)(b)(C) of this section.

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

8 (4) The credit allowed under this section may not exceed the tax liability of the taxpayer  
9 for the tax year.

10 (5) A nonresident shall be allowed the credit under this section. The credit shall be  
11 computed in the same manner and be subject to the same limitations as the credit granted  
12 to a resident. However, the credit shall be prorated using the proportion provided in ORS  
13 316.117.

14 (6) If a change in the taxable year of the taxpayer occurs as described in ORS 314.085,  
15 or if the department terminates the taxpayer's taxable year under ORS 314.440, the credit  
16 allowed by this section shall be prorated or computed in a manner consistent with ORS  
17 314.085.

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

21 **SECTION 3.** ORS 314.752 is amended to read:

22 314.752. (1) Except as provided in ORS 314.740 (5)(b), the tax credits allowed or allowable to a  
23 C corporation for purposes of ORS chapter 317 or 318 shall not be allowed to an S corporation. The  
24 business tax credits allowed or allowable for purposes of ORS chapter 316 shall be allowed or are  
25 allowable to the shareholders of the S corporation.

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

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

35 (4) If the shareholder is a nonresident and there is a requirement applicable for the business tax  
36 credit that in the case of a nonresident the credit be allowed in the proportion provided in ORS  
37 316.117, then that provision shall apply to the nonresident shareholder.

38 (5) As used in this section, "business tax credit" means a tax credit granted to personal income  
39 taxpayers to encourage certain investment, to create employment, economic opportunity or incentive  
40 or for charitable, educational, scientific, literary or public purposes that is listed under this sub-  
41 section as a business tax credit or is designated as a business tax credit by law or by the Depart-  
42 ment of Revenue by rule and includes but is not limited to the following credits: ORS 285C.309  
43 (tribal taxes on reservation enterprise zones and reservation partnership zones), ORS 315.104 (fore-  
44 station and reforestation), ORS 315.138 (fish screening, by-pass devices, fishways), ORS 315.141  
45 (biomass production for biofuel), ORS 315.156 (crop gleaning), ORS 315.164 and 315.169 (agriculture

1 workforce housing), ORS 315.204 (dependent care assistance), ORS 315.208 (dependent care facili-  
2 ties), ORS 315.213 (contributions for child care), ORS 315.304 (pollution control facility), ORS 315.326  
3 (renewable energy development contributions), ORS 315.331 (energy conservation projects), ORS  
4 315.336 (transportation projects), ORS 315.341 (renewable energy resource equipment manufacturing  
5 facilities), ORS 315.354 and 469B.151 (energy conservation facilities), ORS 315.507 (electronic com-  
6 merce), ORS 315.533 (low income community jobs initiative) and ORS 317.115 (fueling stations nec-  
7 essary to operate an alternative fuel vehicle) **and section 2 of this 2015 Act (youth hiring)**.

8 **SECTION 4.** ORS 318.031 is amended to read:

9 318.031. It being the intention of the Legislative Assembly that this chapter and ORS chapter  
10 317 shall be administered as uniformly as possible (allowance being made for the difference in im-  
11 position of the taxes), ORS 305.140 and 305.150, ORS chapter 314 and the following sections are in-  
12 corporated into and made a part of this chapter: ORS 285C.309, 315.104, 315.141, 315.156, 315.204,  
13 315.208, 315.213, 315.304, 315.326, 315.331, 315.336, 315.507 and 315.533 **and section 2 of this 2015**  
14 **Act** (all only to the extent applicable to a corporation) and ORS chapter 317.

15 **SECTION 5.** **Section 2 of this 2015 Act and the amendments to ORS 314.752 and 318.031**  
16 **by sections 3 and 4 of this 2015 Act apply to tax years beginning on or after January 1, 2015,**  
17 **and before January 1, 2021.**

18 **SECTION 6.** **This 2015 Act takes effect on the 91st day after the date on which the 2015**  
19 **regular session of the Seventy-eighth Legislative Assembly adjourns sine die.**

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