

**PROPOSED MINORITY REPORT AMENDMENTS TO  
A-ENGROSSED SENATE BILL 925**

1 On page 1 of the printed A-engrossed bill, line 2, after the semicolon in-  
2 sert “creating new provisions; amending ORS 314.752, 315.266, 315.271,  
3 315.521, 315.533, 316.079, 316.116, 316.502, 316.699, 317.152, 317.154, 329A.700,  
4 329A.703, 329A.706, 329A.712, 351.692, 351.697, 353.445, 458.685, 458.700,  
5 469B.100, 469B.103, 469B.106, 469B.112, 469B.115, 469B.118 and 469B.991 and  
6 section 10, chapter 682, Oregon Laws 1987, section 13, chapter 674, Oregon  
7 Laws 2001, section 77, chapter 736, Oregon Laws 2003, section 9, chapter 765,  
8 Oregon Laws 2007, section 9, chapter 843, Oregon Laws 2007, and sections  
9 25, 27, 37, 39, 40, 41, 42, 49 and 50, chapter 913, Oregon Laws 2009; repealing  
10 ORS 317.115, 329A.709, 329A.715, 329A.718 and 469B.109 and section 11,  
11 chapter 765, Oregon Laws 2007;”.

12 On page 2, delete lines 12 and 13 and insert:

13 **“SECTION 2. Section 2a of this 2015 Act is added to and made a part**  
14 **of ORS chapter 315.**

15 **“SECTION 2a. (1)(a) A credit against the tax otherwise due under**  
16 **ORS chapter 316 shall be allowed a taxpayer in an amount equal to a**  
17 **percentage of employment-related expenses of a type allowable as a**  
18 **credit pursuant to section 21 of the Internal Revenue Code, notwith-**  
19 **standing the limitation imposed by section 21(c) of the Internal Reve-**  
20  **nue Code, and limited as provided in paragraph (b) of this subsection.**

21 **“(b) The employment-related expenses for which a credit is claimed**  
22 **under this section may not exceed \$12,000 for a taxpayer for which**

1 **there is one qualifying individual, or \$24,000 for a taxpayer for which**  
 2 **there are two or more qualifying individuals.**

3 **“(2) The applicable percentage described in subsection (1) of this**  
 4 **section shall be determined in accordance with the following table:**

5 “ \_\_\_\_\_

6 **Greater of Federal**  
 7 **or Oregon Adjusted**

8 **Gross Income, as**                      **Applicable percentage based on age of youngest child**  
 9 **Percentage of Federal**              **at close of tax year**

10 **Poverty Level**

11 “ \_\_\_\_\_

|                 |                    |                |                 | <b>At least 6 years</b> |                    |            |
|-----------------|--------------------|----------------|-----------------|-------------------------|--------------------|------------|
|                 |                    |                |                 | <b>but less than</b>    |                    |            |
|                 |                    |                | <b>At least</b> | <b>13, or at least</b>  |                    |            |
|                 |                    |                | <b>3 years</b>  | <b>13 but less</b>      | <b>18 years or</b> |            |
| <b>“Greater</b> | <b>Less than</b>   | <b>Under 3</b> | <b>but less</b> | <b>than 18 if</b>       | <b>older if</b>    |            |
| <b>“than</b>    | <b>or equal to</b> | <b>years</b>   | <b>than 6</b>   | <b>disabled</b>         | <b>disabled</b>    |            |
| 18              | <b>“0%</b>         | <b>10%</b>     | <b>10%</b>      | <b>8%</b>               | <b>5%</b>          | <b>5%</b>  |
| 19              | <b>“10%</b>        | <b>20%</b>     | <b>20%</b>      | <b>18%</b>              | <b>15%</b>         | <b>5%</b>  |
| 20              | <b>“20%</b>        | <b>30%</b>     | <b>30%</b>      | <b>28%</b>              | <b>25%</b>         | <b>10%</b> |
| 21              | <b>“30%</b>        | <b>40%</b>     | <b>40%</b>      | <b>38%</b>              | <b>35%</b>         | <b>20%</b> |
| 22              | <b>“40%</b>        | <b>50%</b>     | <b>50%</b>      | <b>48%</b>              | <b>45%</b>         | <b>30%</b> |
| 23              | <b>“50%</b>        | <b>60%</b>     | <b>55%</b>      | <b>53%</b>              | <b>50%</b>         | <b>35%</b> |
| 24              | <b>“60%</b>        | <b>70%</b>     | <b>60%</b>      | <b>58%</b>              | <b>55%</b>         | <b>40%</b> |
| 25              | <b>“70%</b>        | <b>80%</b>     | <b>65%</b>      | <b>63%</b>              | <b>60%</b>         | <b>45%</b> |
| 26              | <b>“80%</b>        | <b>90%</b>     | <b>70%</b>      | <b>68%</b>              | <b>65%</b>         | <b>50%</b> |
| 27              | <b>“90%</b>        | <b>110%</b>    | <b>75%</b>      | <b>73%</b>              | <b>70%</b>         | <b>55%</b> |
| 28              | <b>“110%</b>       | <b>120%</b>    | <b>71%</b>      | <b>69%</b>              | <b>66%</b>         | <b>50%</b> |
| 29              | <b>“120%</b>       | <b>130%</b>    | <b>66%</b>      | <b>64%</b>              | <b>61%</b>         | <b>45%</b> |
| 30              | <b>“130%</b>       | <b>140%</b>    | <b>61%</b>      | <b>59%</b>              | <b>56%</b>         | <b>39%</b> |

|    |              |             |            |            |            |            |
|----|--------------|-------------|------------|------------|------------|------------|
| 1  | <b>“140%</b> | <b>150%</b> | <b>55%</b> | <b>53%</b> | <b>50%</b> | <b>33%</b> |
| 2  | <b>“150%</b> | <b>160%</b> | <b>50%</b> | <b>48%</b> | <b>45%</b> | <b>28%</b> |
| 3  | <b>“160%</b> | <b>200%</b> | <b>47%</b> | <b>45%</b> | <b>42%</b> | <b>25%</b> |
| 4  | <b>“200%</b> | <b>210%</b> | <b>45%</b> | <b>43%</b> | <b>40%</b> | <b>22%</b> |
| 5  | <b>“210%</b> | <b>220%</b> | <b>40%</b> | <b>38%</b> | <b>35%</b> | <b>20%</b> |
| 6  | <b>“220%</b> | <b>230%</b> | <b>35%</b> | <b>33%</b> | <b>30%</b> | <b>15%</b> |
| 7  | <b>“230%</b> | <b>240%</b> | <b>30%</b> | <b>28%</b> | <b>25%</b> | <b>10%</b> |
| 8  | <b>“240%</b> | <b>250%</b> | <b>20%</b> | <b>18%</b> | <b>15%</b> | <b>5%</b>  |
| 9  | <b>“250%</b> | <b>260%</b> | <b>10%</b> | <b>8%</b>  | <b>5%</b>  | <b>5%</b>  |
| 10 | <b>“260%</b> | <b>280%</b> | <b>6%</b>  | <b>6%</b>  | <b>4%</b>  | <b>4%</b>  |
| 11 | <b>“280%</b> | <b>300%</b> | <b>4%</b>  | <b>4%</b>  | <b>4%</b>  | <b>4%</b>  |
| 12 | <b>“300%</b> | <b>-</b>    | <b>0%</b>  | <b>0%</b>  | <b>0%</b>  | <b>0%</b>  |

13 “ \_\_\_\_\_

14 **“(3) The applicable percentage for a household in excess of eight**  
15 **members shall be calculated as if for a household size of eight mem-**  
16 **bers.**

17 **“(4) The credit under this section is not allowed to a taxpayer with**  
18 **federal adjusted gross income or Oregon adjusted gross income,**  
19 **whichever is greater, in excess of 300 percent of the federal poverty**  
20 **level.**

21 **“(5) In order to ensure compliance with the eligibility requirements**  
22 **of the credit allowed under this section, the Department of Revenue**  
23 **shall be afforded access to utilization data maintained by the Depart-**  
24 **ment of Human Services in its administration of the Employment Re-**  
25 **lated Day Care program.**

26 **“(6) The Director of the Department of Revenue may assess a pen-**  
27 **alty in an amount not to exceed 25 percent of the amount of credit**  
28 **claimed by the taxpayer against any taxpayer who knowingly claims**  
29 **or attempts to claim any amount of credit under this section for which**  
30 **the taxpayer is ineligible, or against any individual who knowingly**

1 assists another individual in claiming any amount of credit for which  
2 the individual is ineligible.

3 “(7) The Department of Revenue may adopt rules for carrying out  
4 the provisions of this section and prescribe the form used to claim a  
5 credit and the information required on the form.

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

10 “(9) If a change in the taxable year of a taxpayer occurs as de-  
11 scribed in ORS 314.085, or if the Department of Revenue terminates the  
12 taxpayer’s taxable year under ORS 314.440, the credit allowed by this  
13 section shall be prorated or computed in a manner consistent with  
14 ORS 314.085.

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

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

27 **“SECTION 3.** ORS 316.502 is amended to read:

28 “316.502. (1) The net revenue from the tax imposed by this chapter, after  
29 deducting refunds and amounts described in ORS 285B.630 and 285C.635, shall  
30 be paid over to the State Treasurer and held in the General Fund as mis-

1 cellaneous receipts available generally to meet any expense or obligation of  
2 the State of Oregon lawfully incurred.

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

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

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

9 “(b) The refund payments in excess of tax liability authorized under ORS  
10 315.174, 315.262 and 315.266 and section 17, chapter 906, Oregon Laws 2007,  
11 **and section 2a of this 2015 Act.**

12 **“SECTION 4. Section 2a of this 2015 Act applies to tax years begin-**  
13 **ning on or after January 1, 2016, and before January 1, 2022.**

14 **“SECTION 5.** ORS 458.685 is amended to read:

15 “458.685. (1) A person may establish an individual development account  
16 only for a purpose approved by a fiduciary organization. Purposes that the  
17 fiduciary organization may approve are:

18 “(a) The acquisition of post-secondary education or job training.

19 “(b) If the account holder has established the account for the benefit of  
20 a household member who is under the age of 18 years, the payment of ex-  
21 tracurricular nontuition expenses designed to prepare the member for post-  
22 secondary education or job training.

23 “(c) If the account holder has established a college savings network ac-  
24 count under ORS 348.841 to 348.873 on behalf of a designated beneficiary, the  
25 establishment of an additional college savings network account on behalf of  
26 the same designated beneficiary.

27 “(d) The purchase of a primary residence. In addition to payment on the  
28 purchase price of the residence, account moneys may be used to pay any  
29 usual or reasonable settlement, financing or other closing costs. The account  
30 holder must not have owned or held any interest in a residence during the

1 three years prior to making the purchase. However, this three-year period  
2 shall not apply to displaced homemakers, [or other] individuals who have lost  
3 home ownership as a result of divorce **or owners of manufactured**  
4 **homes.**

5 “(e) **The rental of a primary residence when housing stability is**  
6 **essential to achieve state policy goals. Account moneys may be used**  
7 **for security deposits, first and last months’ rent, application fees and**  
8 **other expenses necessary to move into the primary residence, as**  
9 **specified in the account holder’s personal development plan for in-**  
10 **creasing the independence of the person.**

11 “[e] (f) The capitalization of a small business. Account moneys may be  
12 used for capital, plant, equipment and inventory expenses **and to hire em-**  
13 **ployees upon capitalization of the small business,** or for working capital  
14 pursuant to a business plan. The business plan must have been developed by  
15 a financial institution, nonprofit microenterprise program or other qualified  
16 agent demonstrating business expertise and have been approved by the  
17 fiduciary organization. The business plan must include a description of the  
18 services or goods to be sold, a marketing plan and projected financial state-  
19 ments.

20 “[f] (g) Improvements, repairs or modifications necessary to make or  
21 keep the account holder’s primary dwelling habitable, accessible or visitable  
22 for the account holder or a household member. This paragraph does not apply  
23 to improvements, repairs or modifications made to a rented primary dwelling  
24 to achieve or maintain a habitable condition for which ORS 90.320 (1) places  
25 responsibility on the landlord. As used in this paragraph, ‘accessible’ and  
26 ‘visitable’ have the meanings given those terms in ORS 456.508.

27 “[g] (h) The purchase of equipment, technology or specialized training  
28 required to become competitive in obtaining or maintaining employment or  
29 to start or maintain a business, as specified in the account holder’s personal  
30 development plan for increasing the independence of the person.

1       “(i) The purchase or repair of a vehicle, as specified in the account  
2 holder’s personal development plan for increasing the independence  
3 of the person.

4       “(j) The saving of funds for retirement, as specified in the account  
5 holder’s personal development plan for increasing the independence  
6 of the person.

7       “(k) The payment of debts owed for educational or medical purposes  
8 when the account holder is saving for another allowable purpose, as  
9 specified in the account holder’s personal development plan for in-  
10 creasing the independence of the person.

11       “(L) The creation or improvement of a credit score by obtaining a  
12 secured loan or a financial product that is designed to improve credit,  
13 as specified in the account holder’s personal development plan for in-  
14 creasing the independence of the person.

15       “(m) The replacement of a primary residence when replacement  
16 offers significant opportunity to improve habitability or energy effi-  
17 ciency.

18       “(2)(a) If an emergency occurs, an account holder may withdraw all or  
19 part of the account holder’s deposits to an individual development account  
20 for a purpose not described in subsection (1) of this section. As used in this  
21 paragraph, [an] ‘emergency’ includes making payments for necessary medical  
22 expenses, to avoid eviction of the account holder from the account holder’s  
23 residence and for necessary living expenses following a loss of employment.

24       “(b) The account holder must reimburse the account for the amount  
25 withdrawn under this subsection within 12 months after the date of the  
26 withdrawal. Failure of an account holder to make a timely reimbursement  
27 to the account is grounds for removing the account holder from the individ-  
28 ual development account program. Until the reimbursement has been made  
29 in full, an account holder may not withdraw any matching deposits or ac-  
30 cued interest on matching deposits from the account.

1       “(3) If an account holder withdraws moneys from an individual develop-  
2 ment account for other than an approved purpose, the fiduciary organization  
3 may remove the account holder from the program.

4       **“(4)(a) If the account holder of an account established for the pur-  
5 pose set forth in subsection (1)(c) or (j) of this section has achieved  
6 the account’s approved purpose in accordance with the personal de-  
7 velopment plan developed by the account holder under ORS 458.680, the  
8 account holder may withdraw, or authorize the withdrawal of, the re-  
9 maining amount of all deposits, including matching deposits, and in-  
10 terest in the account as follows:**

11       **“(A) For an account established for the purpose set forth in sub-  
12 section (1)(c) of this section, by rolling over the entire withdrawal  
13 amount, not to exceed the limit established pursuant to ORS 348.857,  
14 into one or more of the college savings network accounts under ORS  
15 348.841 to 348.873, the establishment of which is the purpose of the in-  
16 dividual development account; or**

17       **“(B) For an account established for the purpose set forth in sub-  
18 section (1)(j) of this section, by rolling over the entire withdrawal  
19 amount into an individual retirement account, a retirement plan or a  
20 similar account or plan established under the Internal Revenue Code.**

21       **“(b) Upon withdrawal of all moneys in the individual development  
22 account as provided in paragraph (a) of this subsection, the account  
23 relationship shall terminate.**

24       **“(c) The rollover of moneys into a college savings network account  
25 under this subsection may not cause the amount in the college savings  
26 network account to exceed the limit on total contributions established  
27 pursuant to ORS 348.857.**

28       **“(d) Any amount of the rollover that has been subtracted on the  
29 taxpayer’s federal return pursuant to section 219 of the Internal Rev-  
30 enue Code shall be added back in the determination of taxable income.**



1        “[4] (5) If an account holder moves from the area where the program is  
2 conducted or is otherwise unable to continue in the program, the fiduciary  
3 organization may remove the account holder from the program.

4        “[5] (6) If an account holder is removed from the program under sub-  
5 section (2), (3) or [4] (5) of this section, all matching deposits in the ac-  
6 count and all interest earned on matching deposits shall revert to the  
7 fiduciary organization. The fiduciary organization shall use the reverted  
8 funds as a source of matching deposits for other accounts.

9        **“SECTION 6.** Section 9, chapter 765, Oregon Laws 2007, is amended to  
10 read:

11        **“Sec. 9. A credit may not be claimed under ORS 315.271 and 458.690**  
12 **[are repealed on January 2, 2016] for tax years beginning on or after**  
13 **January 1, 2022.**

14        **“SECTION 7.** Section 49, chapter 913, Oregon Laws 2009, is amended to  
15 read:

16        **“Sec. 49.** A credit may not be claimed under ORS 315.272 for tax years  
17 beginning on or after January 1, [2016] **2022.**

18        **“SECTION 8.** ORS 315.271 is amended to read:

19        “315.271. (1) A credit against taxes otherwise due under ORS chapter 316,  
20 317 or 318 shall be allowed for donations to a fiduciary organization for  
21 distribution to individual development accounts established under ORS  
22 458.685. The credit shall equal [*the lesser of \$75,000 or 75 percent of the*] **a**  
23 **percentage of the taxpayer’s donation amount, as determined by the**  
24 **fiduciary organization, but not to exceed 70 percent of any donation**  
25 **amount.** To qualify for a credit under this section, donations to a fiduciary  
26 organization must be made prior to January 1, [2016] **2022.**

27        “(2) If a credit allowed under this section is claimed, the amount upon  
28 which the credit is based that is allowed or allowable as a deduction from  
29 federal taxable income under section 170 of the Internal Revenue Code shall  
30 be added to federal taxable income in determining Oregon taxable income.

1 As used in this subsection, the amount upon which a credit is based is the  
2 allowed credit divided by [75 percent] **the applicable percentage, as de-**  
3 **termined by the fiduciary organization.**

4 “(3) The allowable tax credit that may be used in any one tax year shall  
5 not exceed the tax liability of the taxpayer.

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

14 “(5) **The total credits allowed to all taxpayers in any tax year under**  
15 **this section and ORS 458.690 may not exceed \$7 million.**

16 “**SECTION 9.** ORS 316.699 is amended to read:

17 “316.699. (1) There shall be subtracted from federal taxable income the  
18 amount contributed to a college savings network account established under  
19 ORS 348.841 to 348.873.

20 “(2) Notwithstanding subsection (1) of this section, a subtraction under  
21 this section may not exceed the lesser of:

22 “(a) \$4,000 for the tax year if the taxpayer files a joint return, or \$2,000  
23 for the tax year if the taxpayer files a return other than a joint return; and

24 “(b) If an amount is carried forward to a succeeding tax year under sub-  
25 section (4) of this section, the balance in the college savings network account  
26 at the close of the tax year for which the subtraction is being made.

27 “(3)(a) The Department of Revenue shall annually adjust the maximum  
28 subtraction allowable under this section according to the cost-of-living ad-  
29 justment for the calendar year. The department shall make this adjustment  
30 by multiplying the amount in subsection (2) of this section by the percentage

1 (if any) by which the monthly averaged U.S. City Average Consumer Price  
2 Index for the 12 consecutive months ending August 31 of the prior calendar  
3 year exceeds the monthly averaged U.S. City Average Consumer Price Index  
4 for the 12 consecutive months ending August 31, 2007.

5 “(b) As used in this subsection, ‘U.S. City Average Consumer Price  
6 Index’ means the U.S. City Average Consumer Price Index for All Urban  
7 Consumers (All Items) as published by the Bureau of Labor Statistics of the  
8 United States Department of Labor.

9 “(4) Any amounts contributed to a college savings network account that  
10 are not subtracted from federal taxable income because of the monetary  
11 limitations imposed by subsection (2) of this section may be carried forward  
12 for four succeeding tax years and subtracted from federal taxable income in  
13 any of those succeeding tax years in an amount that does not exceed the  
14 monetary limitations imposed by subsection (2) of this section.

15 “(5) The amount contributed to a college savings network account may  
16 be subtracted from a preceding tax year if the contribution is made before  
17 the taxpayer files a return or before the 15th day of the fourth month fol-  
18 lowing the closing of the taxpayer’s tax year, whichever is earlier.

19 “(6) **A subtraction is not allowed under this section for any amount**  
20 **that has been transferred into a college savings network account from**  
21 **an individual development account, through a rollover, as provided in**  
22 **ORS 458.685 (4)(a)(A).**

23 “**SECTION 10.** ORS 458.700, as amended by section 10, chapter 765,  
24 Oregon Laws 2007, is amended to read:

25 “458.700. (1) Subject to Housing and Community Services Department  
26 rules, a fiduciary organization has sole authority over, and responsibility for,  
27 the administration of individual development accounts. The responsibility of  
28 the fiduciary organization extends to all aspects of the account program,  
29 including marketing to participants, soliciting matching contributions,  
30 counseling account holders, providing financial literacy education, and con-

1 ducting required verification and compliances activities. The fiduciary or-  
2 ganization may establish program provisions as the organization believes  
3 necessary to ensure account holder compliance with the provisions of ORS  
4 458.680 and 458.685. Notwithstanding ORS 458.670 (5) and 458.680 (2), a  
5 fiduciary organization may establish income and net worth limitations for  
6 account holders that are lower than the income and net worth limitations  
7 established by ORS 458.670 (5) and 458.680 (2).

8 “(2) A fiduciary organization may act in partnership with other entities,  
9 including businesses, government agencies, nonprofit organizations, commu-  
10 nity development corporations, community action programs, housing author-  
11 ities and congregations to assist in the fulfillment of fiduciary organization  
12 responsibilities under this section and ORS 458.685, **458.690** and 458.695.

13 “(3) A fiduciary organization may use a reasonable portion of moneys al-  
14 located to the individual development account program for administration,  
15 operation and evaluation purposes.

16 “(4) A fiduciary organization selected to administer moneys directed by  
17 the state to individual development account purposes or receiving tax  
18 deductible contributions shall provide the Housing and Community Services  
19 Department with an annual report of the fiduciary organization’s individual  
20 development account program activity. The report shall be filed no later than  
21 90 days after the end of the fiscal year of the fiduciary organization. The  
22 report shall include, but is not limited to:

23 “(a) The number of individual development accounts administered by the  
24 fiduciary organization;

25 “(b) The amount of deposits and matching deposits for each account;

26 “(c) The purpose of each account;

27 “(d) The number of withdrawals made; and

28 “(e) Any other information the department may require for the purpose  
29 of making a return on investment analysis.

30 “(5) A fiduciary organization that is the account owner of a college

1 savings network account:

2 “(a) May make a qualified withdrawal only at the direction of the desig-  
3 nated beneficiary and only after the college savings network account of the  
4 account holder that was established for the designated beneficiary has been  
5 reduced to a balance of zero exclusively through qualified withdrawals by the  
6 designated beneficiary; and

7 “(b) May make nonqualified withdrawals only if the college savings net-  
8 work account of the account holder that was established for the designated  
9 beneficiary has a balance of less than \$100 or if the account holder or des-  
10 igned beneficiary has granted permission to make the withdrawal. Moneys  
11 received by a fiduciary organization from a nonqualified withdrawal made  
12 under this paragraph must be used for individual development account pur-  
13 poses.

14 “(6) The department may make all reasonable and necessary rules to en-  
15 sure fiduciary organization compliance with this section and ORS 458.685  
16 and 458.695.

17 **“SECTION 11. Section 11, chapter 765, Oregon Laws 2007, is re-  
18 pealed.**

19 **“SECTION 12.** Section 9, chapter 843, Oregon Laws 2007, as amended by  
20 section 52, chapter 913, Oregon Laws 2009, is amended to read:

21 **“Sec. 9.** (1) ORS 315.624 applies to tax years beginning on or after Janu-  
22 ary 1, 2008, and before January 1, [2016] **2022.**

23 **“(2)** The amendments to ORS 316.680 by section 2, chapter 843, Oregon  
24 Laws 2007, apply to tax years beginning on or after January 1, 2008, and  
25 before January 1, 2012.

26 **“SECTION 13.** Section 50, chapter 913, Oregon Laws 2009, is amended to  
27 read:

28 **“Sec. 50.** ORS 734.835 does not apply to tax years beginning on or after  
29 January 1, [2016] **2022.**

30 **“SECTION 14.** Section 42, chapter 913, Oregon Laws 2009, is amended to

1 read:

2 “**Sec. 42.** A credit may not be claimed under ORS 316.758 for tax years  
3 beginning on or after January 1, [2016] **2022.**

4 “**NOTE:** Section 15 was deleted by amendment. Subsequent sections were  
5 not renumbered.

6 “**SECTION 16.** Section 39, chapter 913, Oregon Laws 2009, is amended to  
7 read:

8 “**Sec. 39.** A credit may not be claimed under ORS 316.099 for tax years  
9 beginning on or after January 1, [2016] **2022.**

10 “**NOTE:** Section 17 was deleted by amendment. Subsequent sections were  
11 not renumbered.

12 “**SECTION 18.** Section 25, chapter 913, Oregon Laws 2009, as amended  
13 by section 10, chapter 750, Oregon Laws 2013, is amended to read:

14 “**Sec. 25.** (1) Except as provided in subsection (2) of this section, a credit  
15 may not be claimed under ORS 315.613 for tax years beginning on or after  
16 January 1, [2016] **2018.**

17 “(2) A taxpayer who meets the eligibility requirements in ORS 315.613 for  
18 the tax year beginning on or after January 1, [2013] **2017**, and before January  
19 1, [2014] **2018**, shall be allowed the credit under ORS 315.613 for any tax year:

20 “(a) That begins on or before January 1, [2023] **2027**; and

21 “(b) For which the taxpayer meets the eligibility requirements of ORS  
22 315.613.

23 “**SECTION 19.** Section 27, chapter 913, Oregon Laws 2009, as amended  
24 by section 43, chapter 750, Oregon Laws 2013, is amended to read:

25 “**Sec. 27.** A credit may not be claimed under ORS 315.521 if the initial tax  
26 year in which the credit would otherwise be allowed begins on or after  
27 January 1, [2016] **2022.**

28 “**SECTION 20.** ORS 315.521 is amended to read:

29 “315.521. (1) There shall be allowed a credit against the taxes that are  
30 otherwise due under ORS chapter 316 or, if the taxpayer is a corporation,

1 under ORS chapter 317 or 318, *[for]* **based on** amounts contributed to a  
2 university venture development fund established under ORS 351.697, to the  
3 extent the university that established the fund issued a tax credit certificate  
4 to the taxpayer.

5 “(2) The total amount of the credit allowed to a taxpayer **may not exceed**  
6 **the lesser of \$600,000 or 60 percent of the amount contributed in the**  
7 **tax year.** *[shall equal 60 percent of the amount stated on the tax credit cer-*  
8 *tificate. Except as provided in subsection (3) of this section, the amount of the*  
9 *credit allowed in any one tax year shall equal 20 percent of the amount actu-*  
10 *ally contributed to the fund. The credit shall be claimed in three consecutive*  
11 *tax years beginning with the year in which the credit is initially allowed.]*

12 “(3) The credit allowed under this section **in any one tax year** may not  
13 exceed *[\$50,000 or]* the tax liability of the taxpayer for the tax year.

14 “(4) **Any tax credit otherwise allowable under this section that is**  
15 **not used by the taxpayer in a particular year may be carried forward**  
16 **and offset against the taxpayer’s tax liability for the next succeeding**  
17 **tax year. Any credit remaining unused in such next succeeding tax**  
18 **year may be carried forward and used in the second succeeding tax**  
19 **year, and likewise, any credit not used in that second succeeding tax**  
20 **year may be carried forward and used in the third succeeding tax year,**  
21 **but may not be carried forward for any tax year thereafter.**

22 “[*(4)*] (5) In the case of a credit allowed under this section for purposes  
23 of ORS chapter 316:

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

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

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

4 “[5] (6) A taxpayer claiming a credit under this section shall add to  
5 federal taxable income for Oregon tax purposes any amount that is deducted  
6 for federal tax purposes and that also serves as the basis for the credit al-  
7 lowed under this section.

8 **“SECTION 21.** ORS 351.692 is amended to read:

9 “351.692. (1) The State Board of Higher Education shall adopt policies  
10 that prescribe the requirements for a venture grant program and the re-  
11 quirements that a grant applicant must meet in order to receive grant mon-  
12 eys from a university venture development fund, including requirements:

13 “(a) That a grant recipient remain within this state for at least five years  
14 following the receipt of a grant or repay the grant plus interest;

15 “(b) That each university that establishes a university venture develop-  
16 ment fund report amounts of tax credit certificates issued by the university  
17 and maintain records of income realized by the university as the result of  
18 grants made from the fund and records of amounts paid to the General Fund;  
19 and

20 “(c) Under which the Oregon University System is to maintain records  
21 and issue directions to universities that have established university venture  
22 development funds relating to when universities must cease issuing certifi-  
23 cates, in order to ensure that the total amount owed [*by the public univer-*  
24 *sities listed in ORS 352.002*] to the General Fund at any one time under ORS  
25 351.697 (6) does not exceed [~~\$6~~] **\$15** million.

26 “(2) The governing board of a public university with a governing board  
27 listed in ORS 352.054 shall adopt a policy that prescribes the requirements  
28 for a venture grant program and the requirements that a grant applicant  
29 must meet in order to receive grant moneys from the university venture de-  
30 velopment fund operated by the university, including requirements:



1 “(a) That a grant recipient remain within this state for at least five years  
2 following the receipt of a grant or repay the grant plus interest;

3 “(b) That the university report amounts of tax credit certificates issued  
4 by the university and cease issuing certificates until the total amount owed  
5 [by the public universities listed in ORS 352.002] to the General Fund at any  
6 one time under ORS 351.697 (6) does not exceed [~~\$6~~] **\$15** million; and

7 “(c) That the university maintain records of income realized by the uni-  
8 versity as the result of grants made from the fund and records of amounts  
9 paid to the General Fund.

10 **“SECTION 22.** ORS 353.445 is amended to read:

11 “353.445. The Oregon Health and Science University Board of Directors  
12 shall adopt a policy that prescribes the requirements for a venture grant  
13 program and the requirements that a grant applicant must meet in order to  
14 receive grant moneys from the university venture development fund operated  
15 by Oregon Health and Science University, including requirements:

16 “(1) That a grant recipient remain within this state for at least five years  
17 following the receipt of a grant or repay the grant plus interest;

18 “(2) That the university report amounts of tax credit certificates issued  
19 by the university and cease issuing certificates until the total amount owed  
20 to the General Fund [by the university] at any one time under ORS 351.697  
21 (6) does not exceed [~~\$2.4~~] **\$15** million; and

22 “(3) That the university maintain records of income realized by the uni-  
23 versity as the result of grants made from the fund and records of amounts  
24 paid to the General Fund.

25 **“SECTION 23.** ORS 351.697 is amended to read:

26 “351.697. (1) Each university listed in ORS 352.002 and Oregon Health and  
27 Science University may elect to establish a university venture development  
28 fund as provided in this section for the purpose of facilitating the  
29 commercialization of university research and development. A university shall  
30 direct that the university venture development fund be administered, in

1 whole or in part, by the university or by the university's affiliated founda-  
2 tion.

3 “(2) The purposes of a university venture development fund are to provide:

4 “(a) Capital for university entrepreneurial programs;

5 “(b) Opportunities for students to gain experience in applying research to  
6 commercial activities;

7 “(c) Proof-of-concept funding for transforming research and development  
8 concepts into commercially viable products and services; **and**

9 “(d) Entrepreneurial opportunities for persons interested in transforming  
10 research into viable commercial ventures that create jobs in this state[;  
11 *and*].

12 “[*e*) Tax credits for contributors to university research commercialization  
13 activities.]

14 “(3) Each university that elects to establish a university venture devel-  
15 opment fund shall:

16 “(a) Notify the Department of Revenue of the establishment of the fund;

17 “(b) Either directly or through its affiliated foundation, solicit contribu-  
18 tions to the fund and receive, manage and disburse moneys contributed to  
19 the fund;

20 “(c) Subject to ORS 315.521 [(1)], 351.692 and 353.445 [(3)], issue tax credit  
21 certificates to contributors to the fund in the amount of the contributions;

22 “(d) Establish a grant program that meets the requirements for a venture  
23 grant program under policies adopted under ORS 351.692 by the State Board  
24 of Higher Education or the governing board of a public university with a  
25 governing board listed in ORS 352.054 or under policies adopted by the  
26 Oregon Health and Science University Board of Directors under ORS 353.445;  
27 [*and*]

28 “(e) Subject to available moneys from the fund, provide qualified grant  
29 applicants with moneys for the purpose of facilitating the commercialization  
30 of university research and development[.]; **and**

1       **“(f) In collaboration with other universities that have elected to**  
2 **establish a university venture development fund under this section,**  
3 **achieve an annual agreement for the allocation of the contribution**  
4 **limit set out in ORS 351.692 and 353.445.**

5       “(4) Except as provided in subsection (5) of this section, moneys in a  
6 university venture development fund shall be disbursed only as directed by  
7 a university.

8       “(5) A university or its affiliated foundation may charge its customary  
9 administrative assessment to manage its university venture development fund  
10 in an amount not to exceed three percent of the fund’s average balance  
11 during the fiscal year of the university or its affiliated foundation. The ad-  
12 ministrative assessment may be paid from the assets in the fund. Except as  
13 authorized by law, no other fees or indirect costs shall be charged against  
14 the university venture development fund or any associated grants or other  
15 disbursements from the fund.

16       “(6) A university that has established a university venture development  
17 fund shall monitor the use of grants made from the fund and identify the  
18 income realized by the university as the result of the use of the grants. In-  
19 come consists of cash realized from royalties, milestone and license fee pay-  
20 ments and cash from the sale of equity. The university shall cause the  
21 transfer of 20 percent of the income realized from the grants to the General  
22 Fund, but not to exceed the amount of the tax credits issued by the univer-  
23 sity as a result of contributions to its university venture development fund.  
24 Immediately upon deposit of the transferred amount into the General Fund,  
25 the university may issue new tax credits to equal the transferred amount.

26       “(7) [*A university*] **Not later than September 30 of each year, the**  
27 **Higher Education Coordinating Commission shall gather the informa-**  
28 **tion described in this subsection from every university** that has estab-  
29 lished a university venture development fund **and** shall report annually to  
30 the Legislative Assembly or, if the Legislative Assembly is not in session,

1 to the interim legislative committees on revenue. The report shall [*be at the*  
2 *end of the fiscal year of the university or of its affiliated foundation and*]  
3 provide information for [*that*] **the previous** fiscal year. The [*university*]  
4 **commission** shall include in the report the following information pertaining  
5 to [*its*] university venture development [*fund*] **funds**:

6 “(a) The amount of donations received for the [*fund*] **funds**;

7 “(b) The amount of income received from the [*fund*] **funds**;

8 “(c) The amount of disbursements and grants paid from the [*fund*]  
9 **funds**;

10 “(d) The amount of income and royalties received from disbursements  
11 from the [*fund*] **funds**; and

12 “(e) The amount of moneys transferred from the [*fund*] **funds** to the  
13 General Fund.

14 **“SECTION 24.** ORS 329A.700 is amended to read:

15 “329A.700. As used in ORS 329A.700 to 329A.718:

16 “(1)(a) ‘Child care provider’ means a provider, for compensation, of care,  
17 supervision or guidance to a child on a regular basis in a center or in a home  
18 other than the child’s home.

19 “(b) ‘Child care provider’ does not include a person who is the child’s  
20 parent, guardian or custodian.

21 “[2] ‘Community agency’ means a nonprofit agency that:]

22 “[a] Provides services related to child care, children and families, com-  
23 munity development or similar services; and]

24 “[b] Is eligible to receive contributions that qualify as deductions under  
25 section 170 of the Internal Revenue Code.]

26 “[3] (2) ‘High quality child care’ means child care that meets standards  
27 for high quality child care established or approved by the Early Learning  
28 Council.

29 “[4] (3) ‘Qualified contribution’ means a contribution made by a tax-  
30 payer to the Office of Child Care [*or a selected community agency*] for the

1 purpose of promoting **high quality** child care, and for which the taxpayer  
2 will receive a tax credit certificate under ORS 329A.706.

3 “[5] (4) ‘Tax credit certificate’ means a certificate issued by the Office  
4 of Child Care to a taxpayer to qualify the taxpayer for a tax credit under  
5 ORS 315.213.

6 “[6] ‘Tax credit marketer’ means an individual or entity selected by the  
7 Office of Child Care to market tax credits to taxpayers.]

8 **“SECTION 25.** ORS 329A.703 is amended to read:

9 “329A.703. (1) The Office of Child Care, in collaboration with an advisory  
10 committee established by the office, shall establish a program to:

11 “(a) Allocate tax credit certificates to taxpayers that make qualified  
12 contributions to the Office of Child Care; and

13 “(b) Distribute to child care providers moneys from qualified contribu-  
14 tions and other contributions.

15 “(2) The purposes of the program are to:

16 “(a) Encourage taxpayers to make contributions to the Office of Child  
17 Care by providing a financial return on qualified contributions and by so-  
18 liciting other contributions.

19 “(b) Achieve specific and measurable goals for targeted communities and  
20 populations.

21 “(c) Set standards for the child care industry concerning the cost of pro-  
22 viding quality, affordable child care.

23 “(d) Strengthen the viability and continuity of child care providers [*while*  
24 *making child care more affordable for low and moderate income families*].

25 **“SECTION 26.** ORS 329A.706 is amended to read:

26 “329A.706. (1) For the purpose of implementing the program established  
27 under ORS 329A.703, the Early Learning Council, in collaboration with an  
28 advisory committee established by the council and the Office of Child Care,  
29 shall:

30 “(a) Adopt rules.

1       “*[(b) Select a tax credit marketer who agrees to market tax credits to tax-*  
2 *payers.]*

3       “*[(c)] (b) Identify child care goals that are consistent with the purposes*  
4 *provided in ORS 329A.703 (2). The goals identified under this paragraph shall*  
5 *take into account state resources and needs.*

6       “*[(d) Develop by rule the application process an entity must complete to be*  
7 *designated as a community agency under ORS 329A.700 to 329A.718, and any*  
8 *process for the renewal of that designation.]*

9       “*[(e) Select one or more community agencies.]*

10       “*[(f) Enter into an agreement with each selected community agency to per-*  
11 *form the functions specified in ORS 329A.715.]*

12       “*[(g) Determine the total value of moneys to be available to each selected*  
13 *community agency to distribute to providers based on goals identified under*  
14 *paragraph (c) of this subsection, and distribute those moneys in the manner*  
15 *provided in ORS 329A.712 to the selected community agencies. The total value*  
16 *of moneys available to all selected community agencies in this state may not*  
17 *exceed the amount of contributions received from taxpayers during the tax year*  
18 *minus any reasonable administrative costs incurred by the Office of Child Care*  
19 *and the selected community agencies.]*

20       “(2) The Early Learning Council may adopt rules that establish a fixed  
21 percentage that is less than 100 percent by which the amount contributed  
22 by a taxpayer will be certified for a tax credit by the Office of Child Care.  
23 The purpose of the grant of rulemaking authority under this subsection is  
24 to permit the Early Learning Council to calibrate the amount of the tax  
25 credit to interpretations of the deductibility of qualified contributions under  
26 section 170 of the Internal Revenue Code for federal tax purposes.

27       “(3)(a) The Office of Child Care shall issue tax credit certificates in the  
28 chronological order in which the contributions are received by the office.  
29 The office shall issue tax credit certificates to contributors until the total  
30 value of all certificates issued by the office for the calendar year equals

1 [\$500,000] **\$2.5 million.** Each issued certificate shall state the value of the  
2 contribution being certified as eligible for the tax credit allowed under ORS  
3 315.213. Except as provided in rules adopted under subsection (2) of this  
4 section, the certified value shall equal the amount of the contribution.

5 “(b) The Office of Child Care may not issue a tax credit certificate to a  
6 taxpayer to the extent the credit value to be certified, when added to the  
7 total credit value previously certified by the office under paragraph (a) of  
8 this subsection for the calendar year exceeds [\$500,000] **\$2.5 million.**

9 “(c) The Office of Child Care shall send a copy of all tax credit certif-  
10 icates issued under this section to the Department of Revenue.

11 “(d) Qualified contributions shall be deposited in the Child Care Fund.

12 “(4) A taxpayer that receives a notice of denial of a tax credit certificate  
13 or that receives a tax credit certificate issued for an amount that is less than  
14 the amount contributed may request a refund for the amount contributed  
15 within 90 days of the denial or issuance of the certificate by the Office of  
16 Child Care. The Office of Child Care must send notice of a denial or  
17 changed amount and refund the amount for which a tax credit will not be  
18 granted within 30 days after receiving the request. The refund shall be made  
19 from the Child Care Fund.

20 “(5) The Early Learning Council may establish by rule any other pro-  
21 visions required to implement the program established under ORS 329A.700  
22 to 329A.718.

23 **“SECTION 27.** ORS 329A.712 is amended to read:

24 “329A.712. (1) The Office of Child Care shall distribute revenues in the  
25 Child Care Fund that are derived from contributions, minus the amounts  
26 needed to make refunds under ORS 329A.706 (4) and to cover expenses of the  
27 Office of Child Care in administering ORS 329A.700 to 329A.718.

28 **“(2) Revenues shall be disbursed to child care providers consistent**  
29 **with rules adopted by the Early Learning Council.**

30 “[2)] (3) Distributions shall be made to [*community agencies selected un-*

1 *der ORS 329A.706*] **child care providers** in the proportion that the Office  
2 of Child Care determines **by rule** best promotes the provision of **high**  
3 **quality** child care in this state.

4 “*[(3) Moneys distributed to selected community agencies shall be disbursed*  
5 *to child care providers, consistent with rules adopted by the Early Learning*  
6 *Council relating to the disbursement of moneys by selected community agencies.*  
7 *The council shall consider the factors described in ORS 329A.715 (2)(h) when*  
8 *adopting rules under this subsection.]*

9 “**SECTION 28.** Section 13, chapter 674, Oregon Laws 2001, as amended  
10 by section 9, chapter 473, Oregon Laws 2003, section 1, chapter 880, Oregon  
11 Laws 2007, and section 47, chapter 913, Oregon Laws 2009, is amended to  
12 read:

13 “**Sec. 13.** ORS 315.213 applies to tax years beginning on or after January  
14 1, 2002, and before January 1, [2016] **2022.**

15 “**SECTION 29. ORS 329A.709, 329A.715 and 329A.718 are repealed.**

16 “**SECTION 30.** ORS 316.116 is amended to read:

17 “316.116. (1)(a) A resident individual shall be allowed a credit against the  
18 taxes otherwise due under this chapter for costs paid or incurred for con-  
19 struction or installation of each of one or more alternative energy devices  
20 in **or at** a dwelling.

21 “[*(b) A resident individual shall be allowed a credit against the taxes*  
22 *otherwise due under this chapter for costs paid or incurred to modify or pur-*  
23 *chase an alternative fuel vehicle or related equipment.]*

24 “[*(c)*] **(b)** A credit against the taxes otherwise due under this chapter is  
25 not allowed for an alternative energy device that does not meet or exceed  
26 all applicable federal, state and local requirements for energy efficiency, in-  
27 cluding equipment codes, **state and federal appliance standards**, the state  
28 building code, specialty codes and any other standards.

29 “(2)(a) **For each category one alternative energy device that is not**  
30 **an alternative fuel device, the credit allowed under this section may**



1 **not exceed the lesser of 50 percent of the cost of the alternative energy**  
2 **device or \$1,500, and shall be computed as follows:**

3 **“(A)** *[In the case of]* **For** a category one alternative energy device that  
4 is not an alternative fuel device, the credit shall be based upon the first year  
5 energy yield of the alternative energy device that qualifies under ORS  
6 469B.100 to 469B.118. The amount of the credit shall be the same whether for  
7 collective or noncollective investment.

8 **“[(b)] (B)** *[The credit allowed under this section]* **Except as provided in**  
9 **subparagraph (C) of this paragraph,** for each category one alternative  
10 energy device for *[each]* a dwelling *[may not exceed the lesser of \$1,500 or],*  
11 **the credit shall be based upon** the first year energy yield in kilowatt hours  
12 per year multiplied by 60 cents per dwelling utilizing the alternative energy  
13 device used for space heating, cooling, electrical energy or domestic water  
14 heating *[for tax years beginning on or after January 1, 1998].*

15 **“(C) For each category one alternative energy device that uses solar**  
16 **radiation for domestic water heating, the credit allowed under this**  
17 **section shall be based upon 50 percent of the cost of the device or the**  
18 **first year energy yield in kilowatt hours per year multiplied by \$2,**  
19 **whichever is lower, up to \$6,000 for tax years beginning on or after**  
20 **January 1, 2015. The State Department of Energy may by rule provide**  
21 **for a lesser amount of incentive as market conditions warrant.**

22 **“[(c)] (D) Except as provided in subparagraph (E) of this paragraph,**  
23 for each category one alternative energy device used for swimming pool, spa  
24 or hot tub heating, the credit *[allowed under this section]* shall be based upon  
25 *[50 percent of the cost of the device or]* the first *[year’s]* **year** energy yield in  
26 kilowatt hours per year multiplied by 15 cents $[\textit{, whichever is lower, up to}$   
27  $\textit{\$1,500 for tax years beginning on or after January 1, 1998}].$

28 **“(E) For each category one alternative energy device that uses solar**  
29 **radiation for swimming pool heating, the credit allowed under this**  
30 **section shall be based upon 50 percent of the cost of the device or the**

1 **first year energy yield in kilowatt hours per year multiplied by 20**  
2 **cents, whichever is lower, up to \$2,500 for tax years beginning on or**  
3 **after January 1, 2015. The State Department of Energy may by rule**  
4 **provide for a lesser amount of incentive as market conditions warrant.**

5 “[(d)] (b)(A) For each alternative fuel device, the credit allowed under  
6 this section [*is 25 percent of the cost of the alternative fuel device but the total*  
7 *credit shall not exceed \$750 if the device is placed in service on or after Jan-*  
8 *uary 1, 1998.*] **may not exceed the lesser of 50 percent of the cost of the**  
9 **alternative fuel device or \$750.**

10 “(B) Notwithstanding paragraph (a)(C) or (E) of this subsection, the  
11 **total amount of the credits allowed in any one tax year may not exceed**  
12 **the tax liability of the taxpayer or \$1,500 for each alternative energy**  
13 **device, whichever is less. Unused credit amounts may be carried for-**  
14 **ward as provided in subsection (7) of this section, but may not be**  
15 **carried forward to a tax year that is more than five tax years following**  
16 **the first tax year for which any credit was allowed with respect to the**  
17 **category one alternative energy device that is the basis for the credit.**

18 “[(e)(A)] (c)(A) For each category two alternative energy device that is  
19 a solar electric system or fuel cell system, the credit allowed under this  
20 section may not exceed the lesser of \$3 per watt of installed output or \$6,000.  
21 [*The State Department of Energy may by rule provide for a lesser amount of*  
22 *incentive as market conditions warrant, taking into consideration factors in-*  
23 *cluding the availability of bulk purchasing of alternative energy devices.*]

24 “(B) For each category two alternative energy device that is a wind  
25 electric system, the credit [*allowed under this section*] may not exceed the  
26 lesser of \$6,000 or the first year energy yield in kilowatt hours per year  
27 multiplied by \$2.

28 “(C) Notwithstanding subparagraph (A) or (B) of this paragraph, the total  
29 amount of the credits allowed in any one tax year may not exceed the tax  
30 liability of the taxpayer or \$1,500 for each alternative energy device, which-

1 ever is less. Unused credit amounts may be carried forward as provided in  
2 subsection [(6)] (7) of this section, but may not be carried forward to a tax  
3 year that is more than five tax years following the first tax year for which  
4 any credit was allowed with respect to the category two alternative energy  
5 device that is the basis for the credit.

6 “(D) Notwithstanding subparagraph (A) or (B) of this paragraph, the total  
7 amount of the credit for each device allowed under this paragraph may not  
8 exceed 50 percent of the total installed cost of the category two alternative  
9 energy device.

10 “(3) **The State Department of Energy may by rule provide for a**  
11 **lesser amount of incentive for each type of alternative energy device**  
12 **as market conditions warrant.**

13 “[3)] (4) To qualify for a credit under this section, all of the following  
14 are required:

15 “(a) The alternative energy device must be purchased, constructed, in-  
16 stalled and operated in accordance with ORS 469B.100 to 469B.118 and a  
17 certificate issued thereunder.

18 “(b) The taxpayer who is allowed the credit must be the owner or contract  
19 purchaser of the dwelling or dwellings served by the alternative energy de-  
20 vice or the tenant of the owner or of the contract purchaser and must:

21 “(A) Use the dwelling or dwellings served by the alternative energy device  
22 as a principal or secondary residence; or

23 “(B) Rent or lease, under a residential rental agreement, the dwelling or  
24 dwellings to a tenant who uses the dwelling or dwellings as a principal or  
25 secondary residence.

26 “[c) *In the case of an alternative fuel device, unless the verification form*  
27 *and certificate are transferred as authorized under ORS 469B.106 (9), the*  
28 *taxpayer who is allowed the credit must be the contractor who constructs the*  
29 *dwelling that incorporates the alternative fuel device into the dwelling or in-*  
30 *stalls the fueling station in the dwelling.]*

1       “[(d)] (c) The credit must be claimed for the tax year in which the alter-  
2 native energy device was purchased if the device is operational by April 1  
3 of the next following tax year.

4       “[(e) *If the alternative fuel vehicle is a gasoline-electric hybrid vehicle not*  
5 *designed for electric plug-in charging, it must be purchased before January 1,*  
6 *2010.*]

7       “[(4)] (5) The credit provided by this section does not affect the compu-  
8 tation of basis under this chapter.

9       “[(5)] (6) The total credits allowed under this section in any one year may  
10 not exceed the tax liability of the taxpayer.

11       “[(6)] (7) Any tax credit otherwise allowable under this section that is  
12 not used by the taxpayer in a particular year may be carried forward and  
13 offset against the taxpayer’s tax liability for the next succeeding tax year.  
14 Any credit remaining unused in the next succeeding tax year may be carried  
15 forward and used in the second succeeding tax year, and likewise any credit  
16 not used in that second succeeding tax year may be carried forward and used  
17 in the third succeeding tax year, and any credit not used in that third suc-  
18 ceeding tax year may be carried forward and used in the fourth succeeding  
19 tax year, and any credit not used in that fourth succeeding tax year may be  
20 carried forward and used in the fifth succeeding tax year, but may not be  
21 carried forward for any tax year thereafter.

22       “[(7)] (8) A nonresident shall be allowed the credit under this section in  
23 the proportion provided in ORS 316.117.

24       “[(8)] (9) If a change in the taxable year of a taxpayer occurs as described  
25 in ORS 314.085, or if the Department of Revenue terminates the taxpayer’s  
26 taxable year under ORS 314.440, the credit allowed by this section shall be  
27 prorated or computed in a manner consistent with ORS 314.085.

28       “[(9)] (10) If a change in the status of a taxpayer from resident to non-  
29 resident or from nonresident to resident occurs, the credit allowed by this  
30 section shall be determined in a manner consistent with ORS 316.117.

1        “[10] (11) A husband and wife who file separate returns for a taxable  
2 year may each claim a share of the tax credit that would have been allowed  
3 on a joint return in proportion to the contribution of each. However, a hus-  
4 band or wife living in a separate principal residence may claim the tax credit  
5 in the same amount as permitted a single person.

6        “[11] (12) As used in this section, unless the context requires otherwise:

7        “(a) ‘Collective investment’ means an investment by two or more taxpay-  
8 ers for the acquisition, construction and installation of an alternative energy  
9 device for one or more dwellings.

10       “(b) ‘Noncollective investment’ means an investment by an individual  
11 taxpayer for the acquisition, construction and installation of an alternative  
12 energy device for one or more dwellings.

13       “(c) ‘Taxpayer’ includes a transferee of a verification form under ORS  
14 469B.106 [(9)] (8).

15       “[12] (13) Notwithstanding any provision of [subsection (1) or (2)] **sub-**  
16 **sections (1) to (3)** of this section, the sum of the credit allowed under sub-  
17 section (1) of this section plus any similar credit allowed for federal income  
18 tax purposes may not exceed the cost for the acquisition, construction and  
19 installation of the alternative energy device.

20       **“SECTION 31.** ORS 469B.100 is amended to read:

21       “469B.100. As used in ORS 316.116[, 317.115] and 469B.100 to 469B.118:

22       “(1) ‘Alternative energy device’ means a category one alternative energy  
23 device or a category two alternative energy device.

24       “(2) ‘Alternative fuel device’ includes a facility for mixing, storing, com-  
25 pressing or dispensing fuels for alternative fuel vehicles, and any other nec-  
26 essary and reasonable equipment.

27       “[3] ‘Alternative fuel vehicle’ means a motor vehicle as defined in ORS  
28 801.360 that is:]

29       “[a] Registered in this state; and]

30       “[b] Manufactured or modified to use an alternative fuel, including but

1 *not limited to electricity, natural gas, ethanol, methanol, propane and any*  
2 *other fuel approved in rules adopted by the Director of the State Department*  
3 *of Energy that produces less exhaust emissions than vehicles fueled by gasoline*  
4 *or diesel. Determination that a vehicle is an alternative fuel vehicle shall be*  
5 *made without regard to energy consumption savings.]*

6 “[4] (3) ‘Category one alternative energy device’ means:

7 “(a) Any system, mechanism or series of mechanisms that uses solar ra-  
8 diation for space heating or cooling for one or more dwellings;

9 “(b) Any system that uses solar radiation for:

10 “(A) Domestic water heating; or

11 “(B) Swimming pool, spa or hot tub heating and that meets the require-  
12 ments set forth in ORS 316.116;

13 “(c) A ground [*water*] **source** heat pump and ground loop system;

14 “(d) Any wind powered device used to offset or supplement the use of  
15 electricity by performing a specific task such as pumping water;

16 “(e) Equipment used in the production of alternative fuels;

17 “(f) A generator powered by alternative fuels and used to produce elec-  
18 tricity;

19 “(g) An energy efficient appliance;

20 “(h) An alternative fuel device; or

21 “(i) A premium efficiency biomass combustion device that includes a  
22 dedicated outside combustion air source and that meets minimum perform-  
23 ance standards that are established by the State Department of Energy.

24 “[5] (4) ‘Category two alternative energy device’ means a fuel cell sys-  
25 tem, solar electric system or wind electric system.

26 “[6] (5) ‘Coefficient of performance’ means the ratio calculated by di-  
27 viding the usable output energy by the electrical input energy. Both energy  
28 values must be expressed in equivalent units.

29 “[7] (6) ‘Contractor’ means a person whose trade or business consists  
30 of offering for sale an alternative energy device, construction service, in-

1 stallation service or design service.

2 “[8)(a)] (7) ‘Cost’ means the actual cost of the acquisition, construction  
3 and installation of the alternative energy device.

4 “[b) *For an alternative fuel vehicle, ‘cost’ means the difference between the*  
5 *cost of the alternative fuel vehicle and the same vehicle or functionally similar*  
6 *vehicle manufactured to use conventional gasoline or diesel fuel or, in the case*  
7 *of modification of an existing vehicle, the cost of the modification. ‘Cost’ does*  
8 *not include any amounts paid for remodification of the same vehicle.]*

9 “[c) *For a fueling station necessary to operate an alternative fuel vehicle,*  
10 *‘cost’ means the cost to the contractor of constructing or installing the fueling*  
11 *station in a dwelling and of making the fuel station operational in accordance*  
12 *with the specifications issued under ORS 469B.100 to 469B.118 and any rules*  
13 *adopted by the Director of the State Department of Energy.]*

14 “[d) *For related equipment, ‘cost’ means the cost of the related equipment*  
15 *and any modifications or additions to the related equipment necessary to pre-*  
16 *pare the related equipment for use in converting a vehicle to alternative fuel*  
17 *use.]*

18 “[9)] (8) ‘Domestic water heating’ means the heating of water used in a  
19 dwelling for bathing, clothes washing, dishwashing and other related func-  
20 tions.

21 “[10)] (9) ‘Dwelling’ means real or personal property ordinarily inhabited  
22 as a principal or secondary residence and located within this state.  
23 ‘Dwelling’ includes, but is not limited to, an individual unit within multiple  
24 unit residential housing.

25 “[11)] (10) ‘Energy efficient appliance’ includes emerging technologies  
26 **that exceed state and federal appliance standards.**[, *such as high-*  
27 *efficiency heat-pump water heaters for domestic hot water that meet the*  
28 *Northern Tier Specification established by the Northwest Energy Efficiency*  
29 *Alliance for electricity or have 0.67 or greater energy factor for gas water*  
30 *heaters, ductless heat pumps, high-efficiency furnaces that are at least 95 per-*

1 *cent efficient, on-demand gas water heaters and heat-pumps, that exceed*  
2 *code.]*

3 “[(12)] (11) ‘First year energy yield’ of an alternative energy device is the  
4 usable energy produced **or energy saved** under average environmental con-  
5 ditions in one year.

6 “[(13)] (12) ‘Fuel cell system’ means any system, mechanism or series of  
7 mechanisms that uses fuel cells or fuel cell technology to generate electrical  
8 energy for a dwelling.

9 “[(14)] ‘Fueling station’ includes but is not limited to a compressed natural  
10 gas compressor fueling system or an electric charging system for vehicle power  
11 battery charging.]

12 “[(15)] (13) ‘Placed in service’ means the date an alternative energy device  
13 is ready and available to produce usable energy or save energy.

14 “[(16)] (14) ‘Solar electric system’ means any system, mechanism or series  
15 of mechanisms, including photovoltaic systems, that uses solar radiation to  
16 generate electrical energy for a dwelling.

17 “[(17)] (15) ‘Third-party alternative energy device installation’ means an  
18 alternative energy device that is installed in connection with residential  
19 property and owned by a person other than the residential property owner  
20 in accordance with an agreement in effect for at least 10 years between the  
21 residential property owner and the alternative energy device owner. The  
22 agreement must cover maintenance and either the use of or the power gen-  
23 erated by the alternative energy device.

24 “[(18)] (16) ‘Wind electric system’ means any system, mechanism or series  
25 of mechanisms that uses wind to generate electrical energy for a dwelling.

26 “**SECTION 32.** ORS 469B.103 is amended to read:

27 “469B.103. (1) For the purposes of carrying out ORS 469B.100 to 469B.118,  
28 the State Department of Energy may adopt rules prescribing minimum per-  
29 formance criteria for alternative energy devices for dwellings. The depart-  
30 ment may, in prescribing criteria, rely on applicable federal, state and local



1 requirements for energy efficiency, including the state building code, **state**  
2 **and federal appliance standards** and any specialty codes and any code  
3 adopted by the Building Codes Division of the Department of Consumer and  
4 Business Services.

5 “(2) The department shall take into consideration evolving market condi-  
6 tions in prescribing minimum performance criteria for alternative energy  
7 devices and in determining credit amounts, consistent with ORS 316.116.

8 “(3) The department, in adopting rules under this section for solar heating  
9 and cooling systems, shall take into consideration applicable standards of  
10 federal performance criteria prescribed pursuant to the provisions of the  
11 Solar Heating and Cooling Demonstration Act of 1974, 42 U.S.C. 5506.

12 “(4) The Director of the State Department of Energy shall adopt rules  
13 governing the determination of eligibility, verification and certification of  
14 an alternative fuel device for purposes of the tax credits granted under ORS  
15 316.116 [*and 317.115*], including but not limited to rules that further define  
16 an alternative fuel [*vehicle, related equipment or fueling station necessary to*  
17 *operate an alternative fuel vehicle,*] **device and** that govern the computation  
18 of costs eligible for credit [*and that require equitable allocation of the tax*  
19 *credit benefits between the lessor and the lessee of an alternative fuel vehicle*  
20 *as a condition of tax credit eligibility*].

21 “(5) **The department shall by rule establish policies and procedures**  
22 **for the administration and enforcement of the provisions of ORS**  
23 **316.116 and 469B.100 to 469B.118.**

24 “**SECTION 33.** ORS 469B.106 is amended to read:

25 “469B.106. (1) Subject to the limitations in section 75, chapter 730, Oregon  
26 Laws 2011, any person may claim a tax credit under ORS 316.116 [*or ORS*  
27 *317.115, if the person is a corporation*] if the person:

28 “(a) Meets the requirements of ORS 316.116 [*or ORS 317.115, if applica-*  
29 *ble*];

30 “(b) Meets the requirements of ORS 469B.100 to 469B.118; and

1       “(c) Pays, subject to subsection [(10)] **(9)** of this section, all or a portion  
2 of the costs of an alternative energy device.

3       “[(2) *A credit under ORS 317.115 may be claimed only if the alternative*  
4 *energy device is a fueling station necessary to operate an alternative fuel ve-*  
5 *hicle.*]

6       “[(3)(a)] **(2)** In order to be eligible for a tax credit under ORS 316.116 [*or*  
7 *317.115*], a person claiming a tax credit for construction or installation of  
8 an alternative energy device [*(including a fueling station)*] shall have the  
9 device certified by the State Department of Energy or constructed or in-  
10 stalled by a contractor certified by the department under subsection [(5)] **(4)**  
11 of this section. [*This paragraph does not apply to an alternative fuel vehicle*  
12 *or to related equipment.*]

13       “[(b) *Certification of an alternative fuel vehicle or related equipment shall*  
14 *be accomplished under rules that shall be adopted by the Director of the State*  
15 *Department of Energy.*]

16       “[(4)] **(3)** Verification of the purchase, construction or installation of an  
17 alternative energy device shall be made in writing on a form provided by the  
18 Department of Revenue and, if applicable, shall contain:

19       “(a) The location of the alternative energy device;

20       “(b) A description of the type of device;

21       “(c) If the device was constructed or installed by a contractor, evidence  
22 that the contractor has any license, bond, insurance and permit required to  
23 sell and construct or install the alternative energy device;

24       “(d) If the device was constructed or installed by a contractor, a state-  
25 ment signed by the contractor that the applicant has received:

26       “(A) A statement of the reasonably expected energy savings of the device;

27       “(B) A copy of consumer information published by the State Department  
28 of Energy;

29       “(C) An operating manual for the alternative energy device; and

30       “(D) A copy of the contractor’s certification certificate or alternative en-

1 ergy device system certificate for the alternative energy device, as appropri-  
2 ate;

3 “(e) If the device was not constructed or installed by a contractor, evi-  
4 dence that:

5 “(A) The State Department of Energy has issued an alternative energy  
6 device system certificate for the alternative energy device; and

7 “(B) The taxpayer has obtained all building permits required for con-  
8 struction or installation of the device;

9 “(f) A statement, signed by both the taxpayer claiming the credit and the  
10 contractor if the device was constructed or installed by a contractor, that  
11 the construction or installation meets all the requirements of ORS 469B.100  
12 to 469B.118 [*or, if the device is a fueling station and the taxpayer is the con-*  
13 *tractor, a statement signed by the contractor that the construction or installa-*  
14 *tion meets all of the requirements of ORS 469B.100 to 469B.118];*

15 “(g) The date the alternative energy device was purchased by the resi-  
16 dential property owner, or, for a third-party alternative energy device in-  
17 stallation, the date that the residential property owner and the alternative  
18 energy device owner signed a contract;

19 “(h) The date the alternative energy device was placed in service; and

20 “(i) Any other information that the Director of the State Department of  
21 Energy or the Department of Revenue determines is necessary.

22 “[~~(5)(a)~~] **(4)(a)** When the State Department of Energy finds that an alter-  
23 native energy device can meet the standards adopted under ORS 469B.103,  
24 the Director of the State Department of Energy may issue a contractor sys-  
25 tem certification to the person selling and constructing or installing the al-  
26 ternative energy device.

27 “(b) Any person who sells or installs more than 12 alternative energy  
28 devices in one year shall apply for a contractor system certification. An ap-  
29 plication for a contractor system certification shall be made in writing on  
30 a form provided by the State Department of Energy and shall contain:

1       “(A) A statement that the contractor has any license, bonding, insurance  
2 and permit that is required for the sale and construction or installation of  
3 the alternative energy device;

4       “(B) A specific description of the alternative energy device, including, but  
5 not limited to, the material, equipment and mechanism used in the device,  
6 operating procedure, sizing and siting method and construction or installa-  
7 tion procedure;

8       “(C) The addresses of three installations of the device that are available  
9 for inspection by the State Department of Energy;

10       “(D) The range of installed costs to purchasers of the device;

11       “(E) Any important construction, installation or operating instructions;  
12 and

13       “(F) Any other information that the State Department of Energy deter-  
14 mines is necessary.

15       “(c) A new application for contractor system approval shall be filed when  
16 there is a change in the information supplied under paragraph (b) of this  
17 subsection.

18       “(d) The State Department of Energy may issue contractor system certifi-  
19 cates to each contractor who on October 3, 1989, has a valid dealer system  
20 certification, which shall authorize the sale and installation of the same  
21 domestic water heating alternative energy devices authorized by the dealer  
22 certification.

23       “(e) If the State Department of Energy finds that an alternative energy  
24 device can meet the standards adopted under ORS 469B.103, the Director of  
25 the State Department of Energy may issue an alternative energy device sys-  
26 tem certificate to the taxpayer constructing or installing or having an al-  
27 ternative energy device constructed or installed.

28       “(f) An application for an alternative energy device system certificate  
29 shall be made in writing on a form provided by the State Department of  
30 Energy and shall contain:

1       “(A) A specific description of the alternative energy device, including, but  
2 not limited to, the material, equipment and mechanism used in the device,  
3 operating procedure, sizing, siting method and construction or installation  
4 procedure;

5       “(B) The constructed or installed cost of the device; and

6       “(C) A statement that the taxpayer has all permits required for con-  
7 struction or installation of the device.

8       “[(6)] (5) Prior to commencing installation of alternative energy devices,  
9 installers of third-party alternative energy device installations must apply  
10 to the State Department of Energy to reserve credits on behalf of owners of  
11 residential property. Installers may reserve credit for no more than 25 in-  
12 stallations under this subsection in one application.

13       “[(7)] (6) To claim the tax credit, the verification form described in sub-  
14 section [(4)] (3) of this section shall be submitted with the taxpayer’s tax  
15 return for the year the alternative energy device is placed in service or the  
16 immediately succeeding tax year. A copy of the contractor’s certification  
17 certificate[,] **or** alternative energy device system certificate [*or alternative*  
18 *fuel vehicle or related equipment certificate*] also shall be submitted.

19       “[(8)] (7) The verification form and contractor’s certificate[,] **or** alterna-  
20 tive energy device system certificate [*or alternative fuel vehicle or related*  
21 *equipment certificate*] described under this section shall be effective for pur-  
22 poses of tax relief allowed under ORS 316.116 [*or 317.115*].

23       “[(9)] (8) The verification form and contractor’s certificate described un-  
24 der this section may be transferred to the first purchaser of a dwelling [*or,*  
25 *in the case of construction or installation of a fueling station in an existing*  
26 *dwelling, the current owner,*] who intends to use [*or is using*] the dwelling  
27 as a principal or secondary residence.

28       “[(10)] (9) Any person that pays the present value of the tax credit for  
29 an alternative energy device provided under ORS 316.116 [*or 317.115*] and  
30 469B.100 to 469B.118 to the person who constructs or installs the alternative

1 energy device shall be entitled to claim the credit in the manner and subject  
2 to rules adopted by the Department of Revenue to carry out the purposes of  
3 this subsection. The State Department of Energy may establish by rule uni-  
4 form discount rates to be used in calculating the present value of a tax credit  
5 under this subsection.

6 **“SECTION 34.** ORS 469B.112 is amended to read:

7 “469B.112. The following devices are not eligible for the tax credit under  
8 ORS 316.116:

9 “(1) Standard efficiency furnaces;

10 “(2) Air conditioning systems;

11 “(3) Boilers;

12 “(4) Standard back-up heating systems;

13 “(5) Woodstoves or wood furnaces, or any part of a heating system that  
14 burns wood, unless the woodstove, furnace or system constitutes a premium  
15 efficiency biomass combustion device described in ORS 469B.100 [(4)(i)]

16 **(3)(i);**

17 “(6) Heat pump water heaters that are part of a geothermal heat pump  
18 space heating system;

19 “(7) Structures that cover or enclose a swimming pool;

20 “(8) Swimming pools, hot tubs or spas used to store heat;

21 “(9) Above ground, uninsulated swimming pools, hot tubs or spas;

22 “(10) Photovoltaic systems installed on recreational vehicles;

23 “(11) Conversion of an existing alternative energy device to another type  
24 of alternative energy device;

25 “(12) Repair or replacement of an existing alternative energy device;

26 “(13) A category two alternative energy device, if the equipment or other  
27 property that comprises the category two alternative energy device is the  
28 basis for an allowed credit for a category one alternative energy device un-  
29 der ORS 316.116;

30 “(14) A category one alternative energy device, if the equipment or other

1 property that comprises the category one alternative energy device is also  
2 the basis for an allowed credit for a category two alternative energy device  
3 under ORS 316.116; or

4 “(15) Any other device identified by the State Department of Energy. The  
5 department may adopt rules defining standards for eligible and ineligible  
6 devices under this section.

7 **“SECTION 35.** ORS 469B.115 is amended to read:

8 “469B.115. (1) [*Except for alternative fuel vehicles or related equipment,*] In  
9 order to carry out ORS 469B.100 to 469B.118, the State Department of Energy  
10 shall develop performance assumptions and prescriptive measures to deter-  
11 mine the eligibility and tax credit amount for alternative energy devices  
12 constructed or installed in a dwelling.

13 “(2) The department shall use the performance assumptions and  
14 prescriptive measures to develop information for the Department of Revenue  
15 to use to allow taxpayers to determine their eligibility and tax credit  
16 amount. The State Department of Energy may review this information on an  
17 annual basis to take into consideration new technology and performance as-  
18 sumption accuracy.

19 “(3) For the purpose of determining the first year energy yield of an al-  
20 ternative energy device, the department shall use the following assumptions  
21 and test standards:

22 “(a) Solar Rating and Certification Corporation [*standard*] **standards**  
23 SRCC 100, [200] **300**, American Society of Heating, Refrigerating and Air-  
24 Conditioning Engineers 93-77, or the [*American Refrigeration Institute*  
25 *standard 325-85*] **Air-Conditioning, Heating, and Refrigeration Institute**  
26 **under ANSI/AHRI/ASHRAE/ISO Standard 13256-1** test at 50 degrees  
27 **Fahrenheit** entering water temperature, as appropriate. The testing re-  
28 quirements under this paragraph [*shall*] **do** not apply to an owner-built al-  
29 ternative energy device.

30 “[*b*] *For an alternative energy device used as a source for domestic water*

1 *heating energy, a hot water use of 75 gallons per day at 120 degrees*  
2 *Fahrenheit. The load of 75 gallons per day at 120 degrees Fahrenheit shall*  
3 *be achieved by including conservation measures in the construction or instal-*  
4 *lation of the alternative energy device.]*

5 “[(c)] **(b)** For an alternative energy device used as a source for space  
6 heating or cooling, the heating or cooling energy load as determined by a  
7 heat loss or gain calculation performed in accordance with the methods es-  
8 tablished by the American Society of Heating, Refrigerating and Air-  
9 Conditioning Engineers. Except for an owner-built or site-built system, an  
10 alternative energy device used as a source for domestic hot water heating  
11 must meet the SRCC OG 300 systems test or comply with comparable re-  
12 quirements as determined by the department.

13 “[(d)] **(c)** For an alternative energy device used as a source for electrical  
14 energy, the first year energy yield shall be based upon the electrical energy  
15 load of the dwelling as determined according to the procedure established  
16 by the department.

17 “[(e)] **(d)** For an alternative energy device used as a source for swimming  
18 pool, spa or hot tub heating, the first year energy yield shall be based on the  
19 heating load of the swimming pool, spa or hot tub as determined according  
20 to the procedure established by the department.

21 **“SECTION 36.** ORS 469B.118 is amended to read:

22 “469B.118. (1) Upon the Department of Revenue’s own motion, or upon  
23 request of the State Department of Energy, the Department of Revenue may  
24 initiate proceedings for the forfeiture of a tax credit allowed under ORS  
25 316.116 [*or 317.115*] if:

26 “(a) The verification was fraudulent because of a misrepresentation by the  
27 taxpayer [*or investor owned utility*];

28 “(b) The verification was fraudulent because of a misrepresentation by the  
29 contractor;

30 “(c) [*In the case of an alternative energy device other than an alternative*



1 *fuel vehicle or related equipment,]* The alternative energy device has not been  
2 constructed, installed or operated in substantial compliance with the re-  
3 quirements of ORS 469B.100 to 469B.118; or

4 “(d) The taxpayer [*or investor owned utility*] failed to consent to an in-  
5 spection of the constructed or installed alternative energy device by the  
6 State Department of Energy after a reasonable, written request for such an  
7 inspection by the State Department of Energy. [*This paragraph does not ap-  
8 ply to an alternative fuel vehicle or to related equipment.*]

9 “(2) Pursuant to the procedures for a contested case under ORS chapter  
10 183, the Director of the State Department of Energy may order the revoca-  
11 tion of a contractor certificate issued under ORS 469B.106 if the director  
12 finds that:

13 “(a) The contractor certificate was obtained by fraud or misrepresentation  
14 by the contractor certificate holder;

15 “(b) The contractor’s performance for the alternative energy device for  
16 which the contractor is issued a certificate under ORS 469B.106 does not  
17 meet industry standards; or

18 “(c) The contractor has misrepresented to the customer either the tax  
19 credit program or the nature or quality of the alternative energy device.

20 “(3) If the tax credit allowed under ORS 316.116 [*or 317.115*] for the pur-  
21 chase, construction or installation of an alternative energy device is ordered  
22 forfeited due to an action of the taxpayer [*or investor owned utility*] under  
23 subsection (1)(a), (c) or (d) of this section, all prior tax relief provided to the  
24 taxpayer [*or investor owned utility*] shall be forfeited and the Department of  
25 Revenue shall proceed to collect those taxes not paid by the taxpayer [*or  
26 utility*] as a result of the tax credit relief under ORS 316.116 [*or 317.115*].

27 “(4) If the tax credit for the construction or installation of an alternative  
28 energy device is ordered forfeited due to an action of the contractor under  
29 subsection (1)(b) of this section, the Department of Revenue shall proceed to  
30 collect, from the contractor, an amount equivalent to those taxes not paid

1 by the taxpayer [*or investor owned utility*] as a result of the tax credit relief  
2 under ORS 316.116 [*or 317.115*]. As long as the forfeiture is due to an action  
3 of the contractor and not to an action of the taxpayer [*or utility*], the as-  
4 sessment of such taxes shall be levied on the contractor and not on the  
5 taxpayer [*or utility*]. Notwithstanding ORS 314.835, the Department of Rev-  
6 enue may disclose information from income tax returns or reports to the  
7 extent such disclosure is necessary to collect amounts from contractors un-  
8 der this subsection.

9 “(5) In order to obtain information necessary to verify eligibility and  
10 amount of the tax credit, the State Department of Energy or its represen-  
11 tative may inspect an alternative energy device that has been purchased,  
12 constructed or installed. The inspection shall be made only with the consent  
13 of the owner of the dwelling. Failure to consent to the inspection is grounds  
14 for the forfeiture of any tax credit relief under ORS 316.116 [*or 317.115*]. The  
15 Department of Revenue shall proceed to collect any taxes due according to  
16 subsection (4) of this section. For electrical generating alternative energy  
17 devices, the State Department of Energy may obtain energy consumption re-  
18 cords for the dwelling the device serves, for a 12-month period, in order to  
19 verify eligibility and amount of the tax credit.

20 **“SECTION 37.** ORS 469B.991 is amended to read:

21 “469B.991. (1) The Director of the State Department of Energy may impose  
22 a civil penalty against a contractor if a contractor certificate is revoked  
23 under ORS 469B.118. The amount of the penalty shall be equal to the total  
24 amount of tax relief estimated to have been provided under ORS 316.116 [*or*  
25 *317.115*] to the contractor or to purchasers of the system for which a  
26 contractor’s certificate has been revoked.

27 “(2) The State Department of Energy may not collect any of the amount  
28 of a civil penalty imposed under subsection (1) of this section from a pur-  
29 chaser of the system for which the final certificate has been revoked. How-  
30 ever, the Department of Revenue shall proceed under ORS 469B.118 (3) to

1 collect taxes not paid by a taxpayer if the tax credit is ordered forfeited be-  
2 cause of that taxpayer's fraud or misrepresentation under ORS 469B.118  
3 (1)(a).

4 “(3) Civil penalties under this section shall be imposed as provided in  
5 ORS 183.745.

6 “(4) A penalty recovered under this section shall be paid into the State  
7 Treasury and credited to the General Fund and is available for general gov-  
8 ernmental expenses.

9 **“SECTION 38.** ORS 314.752 is amended to read:

10 “314.752. (1) Except as provided in ORS 314.740 (5)(b), the tax credits al-  
11 lowed or allowable to a C corporation for purposes of ORS chapter 317 or  
12 318 shall not be allowed to an S corporation. The business tax credits al-  
13 lowed or allowable for purposes of ORS chapter 316 shall be allowed or are  
14 allowable to the shareholders of the S corporation.

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

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

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

1 “(5) As used in this section, ‘business tax credit’ means a tax credit  
2 granted to personal income taxpayers to encourage certain investment, to  
3 create employment, economic opportunity or incentive or for charitable, ed-  
4 ucational, scientific, literary or public purposes that is listed under this  
5 subsection as a business tax credit or is designated as a business tax credit  
6 by law or by the Department of Revenue by rule and includes but is not  
7 limited to the following credits: ORS 285C.309 (tribal taxes on reservation  
8 enterprise zones and reservation partnership zones), ORS 315.104 (forestation  
9 and reforestation), ORS 315.138 (fish screening, by-pass devices, fishways),  
10 ORS 315.141 (biomass production for biofuel), ORS 315.156 (crop gleaning),  
11 ORS 315.164 and 315.169 (agriculture workforce housing), ORS 315.204 (de-  
12 pendent care assistance), ORS 315.208 (dependent care facilities), ORS 315.213  
13 (contributions for child care), ORS 315.304 (pollution control facility), ORS  
14 315.326 (renewable energy development contributions), ORS 315.331 (energy  
15 conservation projects), ORS 315.336 (transportation projects), ORS 315.341  
16 (renewable energy resource equipment manufacturing facilities), ORS 315.354  
17 and 469B.151 (energy conservation facilities), ORS 315.507 (electronic  
18 commerce)[,] **and** ORS 315.533 (low income community jobs initiative) [*and*  
19 *ORS 317.115 (fueling stations necessary to operate an alternative fuel*  
20 *vehicle)*].

21 **“SECTION 39. ORS 317.115 and 469B.109 are repealed.**

22 **“SECTION 40. (1) The amendments to ORS 316.116, 469B.100,**  
23 **469B.103, 469B.106, 469B.112, 469B.115, 469B.118 and 469B.991 by sections**  
24 **30 to 37 of this 2015 Act apply to alternative energy devices certified**  
25 **under ORS 469B.106 on or after January 1, 2016, and to tax years be-**  
26 **ginning on or after January 1, 2016.**

27 **“(2) The repeal of ORS 317.115 and 469B.109 by section 39 of this 2015**  
28 **Act applies to tax years beginning on or after January 1, 2012.**

29 **“SECTION 41. The amendments to ORS 315.521, 316.079, 316.699,**  
30 **329A.700, 329A.703, 329A.706, 329A.712, 351.692, 351.697 and 353.445 by**

1 **sections 9, 20 to 27 and 47 of this 2015 Act apply to tax years beginning**  
2 **on or after January 1, 2016.**

3 “**NOTE:** Section 42 was deleted by amendment. Subsequent sections were  
4 not renumbered.

5 “**SECTION 43.** Section 77, chapter 736, Oregon Laws 2003, as amended  
6 by section 1, chapter 913, Oregon Laws 2009, and section 17, chapter 730,  
7 Oregon Laws 2011, is amended to read:

8 “**Sec. 77.** ORS 315.514 applies to tax years beginning on or after January  
9 1, 2005, and before January 1, [2018] **2020**, and to tax credit certifications  
10 issued by the Oregon Film and Video Office on or after July 1, 2005.

11 “**SECTION 44.** ORS 315.266 is amended to read:

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

18 “(b) **Notwithstanding paragraph (a) of this subsection, if the tax-**  
19 **payer has a dependent who is under two years of age at the close of**  
20 **the tax year, the credit allowed under this section shall be in an**  
21 **amount equal to 14 percent of the earned income credit allowable to**  
22 **the individual for the same tax year under section 32 of the Internal**  
23 **Revenue Code.**

24 “(2) An eligible nonresident individual shall be allowed the credit com-  
25 puted in the same manner and subject to the same limitations as the credit  
26 allowed a resident by subsection (1) of this section. However, the credit shall  
27 be prorated using the proportion provided in ORS 316.117.

28 “(3) If a change in the taxable year of a taxpayer occurs as described in  
29 ORS 314.085, or if the Department of Revenue terminates the taxpayer’s  
30 taxable year under ORS 314.440, the credit allowed by this section shall be

1 prorated or computed in a manner consistent with ORS 314.085.

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

5 “(5) If the amount allowable as a credit under this section, when added  
6 to the sum of the amounts allowable as payment of tax under ORS 316.187  
7 or 316.583, other tax prepayment amounts and other refundable credit  
8 amounts, exceeds the taxes imposed by ORS chapters 314 and 316 for the tax  
9 year after application of any nonrefundable credits allowable for purposes  
10 of ORS chapter 316 for the tax year, the amount of the excess shall be re-  
11 funded to the taxpayer as provided in ORS 316.502.

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

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

18 **“SECTION 45. The amendments to ORS 315.266 by section 44 of this**  
19 **2015 Act apply to tax years beginning on or after January 1, 2016, and**  
20 **before January 1, 2020.**

21 **“SECTION 46.** Section 41, chapter 913, Oregon Laws 2009, is amended to  
22 read:

23 **“Sec. 41.** A credit may not be claimed under ORS 316.079 for tax years  
24 beginning on or after January 1, [2016] **2022.**

25 **“SECTION 47.** ORS 316.079 is amended to read:

26 “316.079. (1) A [\$50] **\$250** credit, against income taxes [owed,] **otherwise**  
27 **due under this chapter,** shall be allowed a taxpayer who as of the close  
28 of the [taxable] **tax** year has suffered a permanent and complete loss of  
29 function of both legs or both arms or one leg and one arm as certified to by  
30 a public health officer. The certificate shall be in a form prescribed by the

1 Department of Revenue and shall be filed with the first return in which the  
2 credit is claimed.

3 **“(2)(a) The Department of Revenue shall annually adjust the credit**  
4 **allowable under this section according to the cost-of-living adjustment**  
5 **for the calendar year. The department shall make this adjustment by**  
6 **multiplying \$250 by the percentage (if any) by which the monthly av-**  
7 **eraged U.S. City Average Consumer Price Index for the 12 consecutive**  
8 **months ending August 31 of the prior calendar year exceeds the**  
9 **monthly averaged U.S. City Average Consumer Price Index for the 12**  
10 **consecutive months ending August 31, 2015.**

11 **“(b) As used in this subsection, ‘U.S. City Average Consumer Price**  
12 **Index’ means the U.S. City Average Consumer Price Index for All Ur-**  
13 **ban Consumers (All Items) as published by the Bureau of Labor Sta-**  
14 **tics of the United States Department of Labor.**

15 **“SECTION 48. ORS 315.533 is amended to read:**

16 **“315.533. (1) As used in this section, ‘applicable percentage’ means zero**  
17 **percent for each of the first two credit allowance dates, seven percent for the**  
18 **third credit allowance date and eight percent for the next four credit allow-**  
19 **ance dates.**

20 **“(2) A person that makes a qualified equity investment shall, at the time**  
21 **of investment, earn a vested credit against the taxes otherwise due under**  
22 **ORS chapter 316 or, if the person is a corporation, under ORS chapter 317**  
23 **or 318.**

24 **“(3)(a) The total amount of the tax credit available to a taxpayer under**  
25 **this section shall equal 39 percent of the purchase price of the qualified eq-**  
26 **uity investment.**

27 **“(b) The taxpayer that holds a qualified equity investment on a particular**  
28 **credit allowance date of the qualified equity investment may claim a portion**  
29 **of the tax credit against its tax liability for the tax year that includes the**  
30 **credit allowance date equal to the applicable percentage for that credit al-**

1 lowance date multiplied by the purchase price of the qualified equity in-  
2 vestment.

3 “(4) The credit allowed under this section may not exceed the tax liability  
4 of the taxpayer for the tax year in which the credit is claimed.

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

16 “(6) The following conditions must exist for a taxpayer to be eligible for  
17 the credit allowed under this section:

18 “(a) A qualified community development entity that issues a debt instru-  
19 ment may not make cash interest payments on the debt instrument during  
20 the period commencing with its issuance and ending on its final credit al-  
21 lowance date in excess of the sum of the cash interest payments and the  
22 cumulative operating income, as defined in the regulations promulgated un-  
23 der section 45D of the Internal Revenue Code, of the qualified community  
24 development entity for the same period. Neither this paragraph nor the de-  
25 finition of ‘long-term debt security’ provided in ORS 315.529 in any way  
26 limits the holder’s ability to accelerate payments on the debt instrument in  
27 situations where the qualified community development entity has defaulted  
28 on covenants designed to ensure compliance with this section or section 45D  
29 of the Internal Revenue Code.

30 “(b) A business shall be considered a qualified active low-income commu-



1 nity business for the duration of a qualified community development entity's  
2 investment in or loan to the business, if it is reasonable to expect that at  
3 the time of the qualified community development entity's investment in or  
4 loan to a qualified active low-income community business, the business will  
5 continue to satisfy the requirements for being a qualified active low-income  
6 community business throughout the entire period of the investment or loan.

7 “(c) A qualified equity investment must be designated by the issuer as a  
8 qualified equity investment and be certified by the Oregon Business Devel-  
9 opment Department as not exceeding the limitation in ORS 285C.653. The  
10 qualified community development entity must keep sufficiently detailed  
11 books and records with respect to the investments made with the proceeds  
12 of the qualified equity investments to allow the direct tracing of proceeds  
13 into qualified low-income community investments in qualified active low-  
14 income community businesses in this state.

15 “(d) The qualified community development entity shall report annually to  
16 the department:

17 “(A) The number of employment positions created and retained as a result  
18 of qualified low-income community investments by the qualified community  
19 development entity;

20 “(B) The average annual salary of positions described in subparagraph (A)  
21 of this paragraph; and

22 “(C) The number of positions described in subparagraph (A) of this para-  
23 graph that provide health benefits.

24 “(e) The maximum amount of qualified low-income community investments  
25 that may be made in a qualified active low-income community business and  
26 all of its affiliates, with the proceeds of qualified equity investments that  
27 have been certified under ORS 285C.650, shall be \$8 million, whether made  
28 by one or several qualified community development entities.

29 “(f) A qualified equity investment must be made before July 1, [2016]  
30 **2022**. Nothing in this paragraph precludes an entity that makes a qualified

1 equity investment prior to July 1, [2016] **2022**, from claiming a tax credit  
2 relating to that qualified equity investment for each applicable credit al-  
3 lowance date.

4 “(7) A taxpayer claiming a credit under this section may not claim any  
5 other credit under this chapter or ORS chapter 285C during the same tax  
6 year based on activities related to the same qualified active low-income  
7 community business.

8 “**SECTION 49.** Section 40, chapter 913, Oregon Laws 2009, is amended to  
9 read:

10 “**Sec. 40.** A credit may not be claimed under ORS 316.087 for tax years  
11 beginning on or after January 1, [2016] **2022**.

12 “**SECTION 50.** Section 37, chapter 913, Oregon Laws 2009, is amended to  
13 read:

14 “**Sec. 37.** A credit may not be claimed under ORS 316.148 for tax years  
15 beginning on or after January 1, [2016] **2022**.

16 “**SECTION 51.** Section 10, chapter 682, Oregon Laws 1987, as amended  
17 by section 3, chapter 929, Oregon Laws 1991, section 1, chapter 674, Oregon  
18 Laws 2001, section 1, chapter 485, Oregon Laws 2005, and section 46, chapter  
19 913, Oregon Laws 2009, is amended to read:

20 “**Sec. 10.** Except as provided in ORS 315.204 (12), ORS 315.204 applies to  
21 tax years beginning on or after January 1, 1988, and before January 1,  
22 [2016] **2022**.

23 “**NOTE:** Sections 52 and 53 were deleted by amendment. Subsequent  
24 sections were not renumbered.

25 “**SECTION 54.** ORS 317.152 is amended to read:

26 “317.152. (1) A credit against taxes otherwise due under this chapter shall  
27 be allowed to eligible taxpayers for increases in qualified research expenses  
28 and basic research payments. The credit shall be determined in accordance  
29 with section 41 of the Internal Revenue Code, except as follows:

30 “(a) The applicable percentage specified in section 41(a) of the Internal

1 Revenue Code shall be five percent.

2 “(b) ‘Qualified research’ and ‘basic research’ shall consist only of research  
3 conducted in Oregon.

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

5 “(A) Section 41(c)(4) of the Internal Revenue Code (relating to the alter-  
6 native incremental credit).

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

9 “(2) For purposes of this section, ‘eligible taxpayer’ means a corporation,  
10 other than a corporation excluded under Internal Revenue Code section  
11 41(e)(7)(E).

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

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

18 “(5) A deduction may not be taken for the portion of expenses or pay-  
19 ments, otherwise allowable as a deduction, that is equal to the amount of the  
20 credit claimed under this section.

21 “(6) Any tax credit that is otherwise allowable under this section and that  
22 is not used by the taxpayer in that year may be carried forward and offset  
23 against the taxpayer’s tax liability for the next succeeding tax year. Any  
24 credit remaining unused in such next succeeding tax year may be carried  
25 forward and used in the second succeeding tax year, and likewise any credit  
26 not used in that second succeeding tax year may be carried forward and used  
27 in the third succeeding tax year, and any credit not used in that third suc-  
28 ceeding tax year may be carried forward and used in the fourth succeeding  
29 tax year, and any credit not used in that fourth succeeding tax year may be  
30 carried forward and used in the fifth succeeding tax year, but may not be

1 carried forward for any tax year thereafter.

2 **“SECTION 55.** ORS 317.154 is amended to read:

3 “317.154. (1) A credit against taxes otherwise due under this chapter shall  
4 be allowed for qualified research expenses that exceed 10 percent of Oregon  
5 sales.

6 “(2) For purposes of this section:

7 “(a) ‘Oregon sales’ shall be computed using the laws and administrative  
8 rules for calculating the numerator of the Oregon sales factor under ORS  
9 314.665.

10 “(b) ‘Qualified research’ has the meaning given the term under section  
11 41(d) of the Internal Revenue Code and shall consist only of research con-  
12 ducted in Oregon.

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

15 “(4) The credit under this section [*shall*] **may** not exceed \$10,000 times the  
16 number of percentage points by which the qualifying research expenses ex-  
17 ceed 10 percent of Oregon sales.

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

20 “(6) A deduction may not be taken for the portion of expenses or pay-  
21 ments, otherwise allowable as a deduction, that is equal to the amount of the  
22 credit claimed under this section.

23 “(7) Any tax credit that is otherwise allowable under this section and that  
24 is not used by the taxpayer in that year may be carried forward and offset  
25 against the taxpayer’s tax liability for the next succeeding tax year. Any  
26 credit remaining unused in such next succeeding tax year may be carried  
27 forward and used in the second succeeding tax year, and likewise any credit  
28 not used in that second succeeding tax year may be carried forward and used  
29 in the third succeeding tax year, and any credit not used in that third suc-  
30 ceeding tax year may be carried forward and used in the fourth succeeding

1 tax year, and any credit not used in that fourth succeeding tax year may be  
2 carried forward and used in the fifth succeeding tax year, but may not be  
3 carried forward for any tax year thereafter.

4 **“SECTION 56. The amendments to ORS 317.152 and 317.154 by  
5 sections 54 and 55 of this 2015 Act apply to tax years beginning on or  
6 after January 1, 2016.**

7 **“SECTION 57. This 2015 Act takes effect on the 91st day after the  
8 date on which the 2015 regular session of the Seventy-eighth Legisla-  
9 tive Assembly adjourns sine die.”.**

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