

Senate Committee on Human Services and Early Childhood

February 1, 2016

SB 1575 Housing Tax Credit for System Development Charges

Summary

The bill creates an income tax credit against corporate and personal income taxes equal to the system development charges paid to the local government. The credit is not certified and is transferrable.

Comments

Section 11, page 6, lines 22-23 – the credit is 100% of the system development charge paid by the taxpayer to local government. “System development charges” is not defined. Additionally, no one certifies the amount of the credit.

1) Require the system development charge be certified by the local governments and sent to the Department of Revenue.

Proposed language

“In order to qualify for the credit allowed under this section, the taxpayer must obtain written certification from the local government that received the system development charges paid by the taxpayer.”

2) Define “system development charges” by tying to ORS 223.299.

Proposed language:

“(2) The credit shall equal 100 percent of the system development charge, **as defined in ORS 223.299**, paid by the taxpayer to a local government related to an affordable housing development project.”

Section 11, page 6, lines 42-45 – Does not explain how the taxpayer transfers the credit or set any limitation on WHEN the credit may be transferred. Credits generally may not be transferred once any part of the credit is used.

Rule writing authority – DOR would like rule writing authority so we can explain by rule how to transfer the credit or provide how the transfer will be done in statute (similar to 315.144).

Proposed language

“**A tax credit may be transferred on or before the date on which the return is due for the tax year in which the credit may first be claimed. After that date, no portion of the credit may be transferred.**”