

# House Bill 4120

Sponsored by Representative BENTZ; Representatives NEARMAN, WHITSETT, WILSON (Presession filed.)

## SUMMARY

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

Increases percentage of federal earned income credit allowed to personal income taxpayer. Provides for payment of refundable portion of credit in monthly installments.

Applies to tax years beginning on or after January 1, 2016, and before January 1, 2020.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to earned income credits; creating new provisions; amending ORS 315.266; and prescribing  
3 an effective date.

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

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

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

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

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

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

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

24 **(6) Notwithstanding ORS 305.270, 314.415 and 314.466, any amount of the taxpayer's refund**  
25 **that is attributable to the refundable portion of the credit allowed under this section shall**  
26 **be paid in 12 equal monthly installments, with the first installment being paid to the taxpayer**  
27 **before the 90th day following the date on which the taxpayer's return is filed, and each sub-**  
28 **sequent installment being paid by the 20th day of the month.**

29 [(6)] (7) The Department of Revenue may adopt rules for purposes of this section, including but  
30 not limited to rules relating to proof of eligibility and the furnishing of information regarding the

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 federal earned income credit claimed by the taxpayer for the tax year.

2 [(7)] (8) Refunds attributable to the earned income credit allowed under this section [*shall*] do  
3 not bear interest.

4 **SECTION 2. The amendments to ORS 315.266 by section 1 of this 2016 Act apply to tax**  
5 **years beginning on or after January 1, 2016, and before January 1, 2020.**

6 **SECTION 3. This 2016 Act takes effect on the 91st day after the date on which the 2016**  
7 **regular session of the Seventy-eighth Legislative Assembly adjourns sine die.**

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