

**A-Engrossed**  
**Senate Bill 1507**

Ordered by the Senate February 22  
Including Senate Amendments dated February 22

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Senate Interim Committee on Finance and Revenue)

**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.

Makes corrections to provisions for tax credits allowed for rural medical practice. Limits amount of credit allowed per taxpayer for donation to individual development account. Applies to tax years beginning on or after January 1, 2016.

Modifies provisions allowing for election to donate surplus refund credit to education funding. Applies to surplus refund credits allowed after effective date of Act.

Makes corrections to provisions for tax credits allowed for alternative energy devices. Applies to alternative energy devices certified on or after January 1, 2016, and to tax years beginning on or after January 1, 2016.

**Increases annual amount of total tax credits for certified film production development contributions. Modifies formula for allocation of funds to filmmakers and media production services companies. Provides for increased payments to filmmakers for filming outside Portland metropolitan zone.**

**Only as applicable to animal manure or rendering offal, extends sunset for biomass production or collection and lowers rate of credit. Applies to tax years beginning on or after January 1, 2016, and before January 1, 2022. Provides for suspension or revocation of certificate for tax credit for biomass production or collection, and for collection of unpaid tax, in certain circumstances.**

Takes effect on 91st day following adjournment sine die.

**A BILL FOR AN ACT**

1  
2 Relating to tax credits; creating new provisions; amending ORS 284.367, 284.368, 305.792, 315.271,  
3 315.514, 315.613, 316.116 and 469B.403 and section 6, chapter 739, Oregon Laws 2007; and pre-  
4 scribing an effective date.

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

6 **SECTION 1.** ORS 315.613 is amended to read:

7 315.613. (1) A resident or nonresident individual certified as eligible under ORS 442.563, licensed  
8 under ORS chapter 677, who is engaged in the practice of medicine, and who is engaged for at least  
9 20 hours per week, averaged over the month, during the tax year in a rural practice, shall be al-  
10 lowed an annual credit against taxes otherwise due under ORS chapter 316.

11 (2) The amount of credit allowed shall be based on the distance[, *in highway miles,*] from a major  
12 population center in a qualified metropolitan statistical area at which the taxpayer maintains a  
13 practice or hospital membership:

14 (a) If at least 10 miles but fewer than 20 miles, \$3,000.

15 (b) If at least 20 miles but fewer than 50 miles, \$4,000.

16 (c) If 50 or more miles, \$5,000.

17 (3) The credit shall be allowed during the time in which the individual retains such practice and

**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 membership if the individual is actively practicing in and is a member of the medical staff of one  
2 of the following hospitals:

3 (a) A type A hospital designated as such by the Office of Rural Health;

4 (b) A type B hospital designated as such by the Office of Rural Health if the hospital is:

5 (A) Not within the boundaries of a metropolitan statistical area;

6 (B) Located 30 or more [*highway*] miles from the closest hospital within the major population  
7 center in a metropolitan statistical area; or

8 (C) Located in a county with a population of less than 75,000;

9 (c) A type C rural hospital, if the Office of Rural Health makes the findings required by ORS  
10 315.619;

11 (d) A rural hospital that was designated a rural referral center by the federal government before  
12 January 1, 1989, and that serves a community with a population of at least 14,000 but not more than  
13 19,000; or

14 (e) A rural critical access hospital.

15 (4) In order to claim the credit allowed under this section, the individual must remain willing  
16 during the tax year to serve patients with Medicare coverage and patients receiving medical as-  
17 sistance in at least the same proportion to the individual's total number of patients as the Medicare  
18 and medical assistance populations represent of the total number of persons determined by the Of-  
19 fice of Rural Health to be in need of care in the county served by the practice, not to exceed 20  
20 percent Medicare patients or 15 percent medical assistance patients.

21 (5) A nonresident individual shall be allowed the credit under this section in the proportion  
22 provided in ORS 316.117. If a change in the status of a taxpayer from resident to nonresident or from  
23 nonresident to resident occurs, the credit allowed by this section shall be determined in a manner  
24 consistent with ORS 316.117.

25 (6) For purposes of this section, an "individual's practice" shall be determined on the basis of  
26 actual time spent in practice each week in hours or days, whichever is considered by the Office of  
27 Rural Health to be more appropriate. In the case of a shareholder of a corporation or a member of  
28 a partnership, only the time of the individual shareholder or partner shall be considered and the full  
29 amount of the credit shall be allowed to each shareholder or partner who qualifies in an individual  
30 capacity.

31 (7) As used in this section:

32 (a) "Qualified metropolitan statistical area" means only those counties of a metropolitan statis-  
33 tical area that are located in Oregon if the largest city within the metropolitan statistical area is  
34 located in Oregon.

35 (b) "Rural critical access hospital" means a facility that meets the criteria set forth in 42 U.S.C.  
36 1395i-4 (c)(2)(B) and that has been designated a critical access hospital by the Office of Rural Health  
37 and the Oregon Health Authority.

38 (c) "Type A hospital," "type B hospital" and "type C hospital" have the meaning for those terms  
39 provided in ORS 442.470.

40 **SECTION 2.** ORS 315.271 is amended to read:

41 315.271. (1) A credit against taxes otherwise due under ORS chapter 316, 317 or 318 shall be  
42 allowed for donations to a fiduciary organization for distribution to individual development accounts  
43 established under ORS 458.685. The credit shall equal a percentage of the taxpayer's donation  
44 amount, as determined by the fiduciary organization, but not to exceed 70 percent of any donation  
45 amount. To qualify for a credit under this section, donations to a fiduciary organization must be

1 made prior to January 1, 2022.

2 (2) If a credit allowed under this section is claimed, the amount upon which the credit is based  
3 that is allowed or allowable as a deduction from federal taxable income under section 170 of the  
4 Internal Revenue Code shall be added to federal taxable income in determining Oregon taxable in-  
5 come. As used in this subsection, the amount upon which a credit is based is the allowed credit di-  
6 vided by the applicable percentage, as determined by the fiduciary organization.

7 (3) The allowable tax credit that may be used in any one tax year shall not exceed the tax li-  
8 ability of the taxpayer.

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

15 (5) The total credits allowed to all taxpayers in any tax year under this section and ORS 458.690  
16 may not exceed \$7.5 million. **The total credit allowed to a taxpayer in any tax year under this**  
17 **section and ORS 458.690 may not exceed \$500,000.**

18 **SECTION 3.** ORS 305.792 is amended to read:

19 305.792. (1) The Department of Revenue shall provide a means by which personal income tax  
20 return filers may indicate that a surplus refund credit [*to which the taxpayer may otherwise be enti-*  
21 *tled to*] under ORS 291.349 shall instead be used for funding education.

22 (2)(a) A personal income taxpayer may elect not to claim a surplus refund credit [*that the tax-*  
23 *payer would otherwise be entitled to pursuant to*] **under ORS 291.349, after offset of any out-**  
24 **standing debt or liability**, in order to achieve a corresponding transfer of such moneys from the  
25 General Fund to the State School Fund for the support of public elementary and secondary school  
26 education. The taxpayer may make the election in the form and manner prescribed by the depart-  
27 ment by rule.

28 (b) A taxpayer that indicates that the credit will not be claimed but that nevertheless claims the  
29 credit in determining the taxpayer's tax liability shall be considered to not have made the election  
30 under this subsection.

31 (c) The election not to claim a credit under this subsection may not be revoked by filing an  
32 amended return.

33 (3) Following the determination to credit personal income taxes pursuant to ORS 291.349, the  
34 department shall annually certify to the State Treasurer the total amount of allowable credits that  
35 have not been claimed pursuant to an election made under subsection (2) of this section. The certi-  
36 fication shall be made on or before December 31 of each year, until the tax year for which the credit  
37 would otherwise be claimed becomes a closed tax year.

38 **SECTION 4.** ORS 316.116 is amended to read:

39 316.116. (1)(a) A resident individual shall be allowed a credit against the taxes otherwise due  
40 under this chapter for costs paid or incurred for construction or installation of each of one or more  
41 alternative energy devices in or at a dwelling.

42 (b) A credit against the taxes otherwise due under this chapter is not allowed for an alternative  
43 energy device that does not meet or exceed all applicable federal, state and local requirements for  
44 energy efficiency, including equipment codes, state and federal appliance standards, the state build-  
45 ing code, specialty codes and any other standards.

1 (2)(a) For each category one alternative energy device other than an alternative fuel device or  
2 an alternative energy device that uses solar radiation for domestic water heating or swimming pool  
3 heating, the credit allowed under this section may not exceed the lesser of 50 percent of the cost  
4 of the alternative energy device or \$1,500, and shall be computed as follows:

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

9 (B) For each category one alternative energy device for a dwelling, the credit shall be based  
10 upon the first year energy yield in kilowatt hours per year multiplied by 60 cents per dwelling uti-  
11 lizing the alternative energy device used for space heating, cooling, electrical energy or domestic  
12 water heating.

13 (C) Except as provided in paragraph (c) of this subsection, for each category one alternative  
14 energy device used for swimming pool, spa or hot tub heating, the credit shall be based upon the  
15 first year energy yield in kilowatt hours per year multiplied by 15 cents.

16 (b) For each alternative fuel device, the credit allowed under this section may not exceed the  
17 lesser of 50 percent of the cost of the alternative fuel device or \$750.

18 (c) For each category one alternative energy device that uses solar radiation for:

19 (A) Domestic water heating, the credit allowed under this section shall be based upon 50 percent  
20 of the cost of the device or the first year energy yield in kilowatt hours per year multiplied by \$2,  
21 whichever is lower, up to \$6,000.

22 (B) Swimming pool heating, the credit allowed under this section shall be based upon 50 percent  
23 of the cost of the device or the first year energy yield in kilowatt hours per year multiplied by 20  
24 cents, whichever is lower, up to \$2,500.

25 (d)(A) For each category two alternative energy device that is a solar electric system or fuel  
26 cell system, the credit allowed under this section may not exceed the lesser of \$3 per watt of in-  
27 stalled output or \$6,000.

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

31 [(C)] **(3)(a)** Notwithstanding [*subparagraph (A) or (B) of this paragraph*] **subsection (2)(a), (c)**  
32 **or (d) of this section**, the total amount of the credits allowed in any one tax year may not exceed  
33 the tax liability of the taxpayer or \$1,500 for each alternative energy device, whichever is less.  
34 Unused credit amounts may be carried forward as provided in subsection [(7)] **(8)** of this section, but  
35 may not be carried forward to a tax year that is more than five tax years following the first tax year  
36 for which any credit was allowed with respect to the category two alternative energy device that  
37 is the basis for the credit.

38 [(D)] **(b)** Notwithstanding [*subparagraph (A) or (B) of this paragraph*] **subsection (2)(d) of this**  
39 **section**, the total amount of the credit for each device allowed under [*this paragraph*] **subsection**  
40 **(2)(d) of this section** may not exceed 50 percent of the total installed cost of the category two al-  
41 ternative energy device.

42 [(3)] **(4)** The State Department of Energy may by rule provide for a lesser amount of incentive  
43 for each type of alternative energy device as market conditions warrant.

44 [(4)] **(5)** To qualify for a credit under this section, all of the following are required:

45 (a) The alternative energy device must be purchased, constructed, installed and operated in ac-

1 cordance with ORS 469B.100 to 469B.118 and a certificate issued thereunder.

2 (b) The taxpayer who is allowed the credit must be the owner or contract purchaser of the  
3 dwelling or dwellings served by the alternative energy device or the tenant of the owner or of the  
4 contract purchaser and must:

5 (A) Use the dwelling or dwellings served by the alternative energy device as a principal or  
6 secondary residence; or

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

9 (c) The credit must be claimed for the tax year in which the alternative energy device was  
10 purchased if the device is operational by April 1 of the next following tax year.

11 [(5)] (6) The credit provided by this section does not affect the computation of basis under this  
12 chapter.

13 [(6)] (7) The total credits allowed under this section in any one year may not exceed the tax  
14 liability of the taxpayer.

15 [(7)] (8) Any tax credit otherwise allowable under this section that is not used by the taxpayer  
16 in a particular year may be carried forward and offset against the taxpayer's tax liability for the  
17 next succeeding tax year. Any credit remaining unused in the next succeeding tax year may be  
18 carried forward and used in the second succeeding tax year, and likewise any credit not used in that  
19 second succeeding tax year may be carried forward and used in the third succeeding tax year, and  
20 any credit not used in that third succeeding tax year may be carried forward and used in the fourth  
21 succeeding tax year, and any credit not used in that fourth succeeding tax year may be carried  
22 forward and used in the fifth succeeding tax year, but may not be carried forward for any tax year  
23 thereafter.

24 [(8)] (9) A nonresident shall be allowed the credit under this section in the proportion provided  
25 in ORS 316.117.

26 [(9)] (10) If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or  
27 if the Department of Revenue terminates the taxpayer's taxable year under ORS 314.440, the credit  
28 allowed by this section shall be prorated or computed in a manner consistent with ORS 314.085.

29 [(10)] (11) If a change in the status of a taxpayer from resident to nonresident or from nonresi-  
30 dent to resident occurs, the credit allowed by this section shall be determined in a manner consist-  
31 ent with ORS 316.117.

32 [(11)] (12) Spouses in a marriage who file separate returns for a taxable year may each claim  
33 a share of the tax credit that would have been allowed on a joint return in proportion to the con-  
34 tribution of each. However, a spouse living in a separate principal residence may claim the tax  
35 credit in the same amount as permitted a single person.

36 [(12)] (13) As used in this section, unless the context requires otherwise:

37 (a) "Collective investment" means an investment by two or more taxpayers for the acquisition,  
38 construction and installation of an alternative energy device for one or more dwellings.

39 (b) "Noncollective investment" means an investment by an individual taxpayer for the acquisi-  
40 tion, construction and installation of an alternative energy device for one or more dwellings.

41 (c) "Taxpayer" includes a transferee of a verification form under ORS 469B.106 (8).

42 [(13)] (14) Notwithstanding any provision of subsections (1) to [(3)] (4) of this section, the sum  
43 of the credit allowed under subsection (1) of this section plus any similar credit allowed for federal  
44 income tax purposes may not exceed the cost for the acquisition, construction and installation of the  
45 alternative energy device.

1       **SECTION 5.** (1) The amendments to ORS 315.613 and 315.271 by sections 1 and 2 of this  
2 2016 Act apply to tax years beginning on or after January 1, 2016.

3       (2) The amendments to ORS 305.792 by section 3 of this 2016 Act apply to surplus refund  
4 credits allowed after the effective date of this 2016 Act.

5       (3) The amendments to ORS 316.116 by section 4 of this 2016 Act apply to alternative  
6 energy devices certified under ORS 469B.106 on or after January 1, 2016, and to tax years  
7 beginning on or after January 1, 2016.

8       **SECTION 6.** ORS 284.367 is amended to read:

9       284.367. (1) The Oregon Production Investment Fund is established in the State Treasury, sepa-  
10 rate and distinct from the General Fund. Interest earned by the Oregon Production Investment Fund  
11 shall be credited to the fund.

12       (2) Moneys in the Oregon Production Investment Fund shall consist of:

13       (a) Amounts donated to the fund;

14       (b) Amounts appropriated or otherwise transferred to the fund by the Legislative Assembly;

15       (c) Other amounts deposited in the fund from any source; and

16       (d) Interest earned by the fund.

17       (3) [*Ninety-five*] **Eighty-nine and one-half** percent of moneys in the fund are continuously ap-  
18 propriated to the Oregon Business Development Department for the purposes of making:

19       (a) Reimbursements to filmmakers **or local media production services companies** under ORS  
20 284.368;

21       (b) Payments to a tax credit marketer for marketing services provided by the marketer as de-  
22 scribed in ORS 284.369; and

23       (c) Refunds described in ORS 315.514 (5).

24       (4) [*Five*] **Seven and one-half** percent of moneys in the fund are continuously appropriated to  
25 the department for the purpose of making reimbursements to local filmmakers or local media pro-  
26 duction services companies under ORS 284.368 (3). Total annual reimbursements to local media  
27 production services companies **under this subsection** may not exceed [*five*] **seven and one-half**  
28 percent of the moneys deposited annually in the fund. On July 1 of each fiscal year, any moneys that  
29 remain unexpended or unallocated from the previous fiscal year may be used by the department for  
30 the purpose of making reimbursements to filmmakers **or local media production services compa-**  
31 **nies** under ORS 284.368 (2).

32       (5) **Three percent of moneys in the fund are continuously appropriated to the department**  
33 **for the purpose of making payments to filmmakers under ORS 284.368 (4). Total annual pay-**  
34 **ments to filmmakers under this subsection may not exceed five percent of the moneys de-**  
35 **posited annually in the fund. On July 1 of each fiscal year, any moneys that remain**  
36 **unexpended or unallocated from the previous fiscal year may be used by the department for**  
37 **the purpose of making payments to filmmakers under this section. Any excess over five**  
38 **percent that remains unexpended or unallocated shall be used by the department for the**  
39 **purpose of making reimbursements to filmmakers or local media production services com-**  
40 **panies under ORS 284.368 (2).**

41       [*5*] (6) Expenditures from the fund are not subject to ORS 291.232 to 291.260.

42       **SECTION 7.** ORS 284.368 is amended to read:

43       284.368. (1) As used in this section:

44       (a) "Actual Oregon expenses" means the costs paid in Oregon for principal photography, pro-  
45 duction or postproduction in Oregon of a film, or for media production services, including but not

1 limited to the purchase or rental cost of equipment, food, lodging, real property and permits and  
2 payments made for salaries, wages and benefits for work in Oregon.

3 (b) "Film" means a television movie or one or more episodes of a single television series, or a  
4 movie produced for release to theaters, video or the Internet. "Film" does not include the production  
5 of a commercial or one or more segments of a newscast or sporting event.

6 (c) "Filmmaker" means a person who owns a television or film production company.

7 (d) "Local filmmaker" means a person who owns a television or film production company that  
8 has its principal place of business in this state.

9 (e) **"Local media production project" means, if made or performed by a local media pro-**  
10 **duction services company, a single interactive video game or a portion thereof, or**  
11 **postproduction services for a single film.**

12 [(e)] (f) "Local media production services company" means a media production services company  
13 that has its principal place of business in this state.

14 [(f)] (g) "Media production services" includes postproduction services and interactive video  
15 game development. "Media production services" does not include the production of a commercial  
16 or one or more segments of a newscast or sporting event.

17 [(g)] (h) "Media production services company" means a person who is engaged in media pro-  
18 duction services.

19 (i) **"Portland metropolitan zone" means the area within a 30-mile radius of the center of**  
20 **the Burnside Bridge in Portland.**

21 [(h)] (j) "Resident of this state" has the meaning given that term in ORS 316.027.

22 (2)(a) The Oregon Business Development Department may reimburse a filmmaker **or local media**  
23 **production services company** for a portion of the actual Oregon expenses incurred by the  
24 filmmaker **or local media production services company**.

25 (b) Maximum reimbursement for a single film **or a single local media production project** shall  
26 be the total of:

27 (A) 10 percent of payments made for employee salaries, wages and benefits for work done in  
28 Oregon; and

29 (B) 20 percent of all other actual Oregon expenses.

30 (c) **Notwithstanding paragraph (b) of this subsection, maximum reimbursement for a**  
31 **single film may not exceed 50 percent of total moneys received by the Oregon Production**  
32 **Investment Fund during the biennium in which the actual Oregon expenses are incurred.**

33 [(c)] (d) To qualify for reimbursement under this subsection, total actual Oregon expenses for  
34 [the] **a film or a local media production project** must equal or exceed \$1 million.

35 (3)(a) The department may reimburse a local filmmaker or local media production services  
36 company for all or a portion of the actual Oregon expenses, up to \$1 million, incurred by the local  
37 filmmaker or local media production services company.

38 (b) To qualify for reimbursement under this subsection:

39 (A) Total actual Oregon expenses paid for the film or media production services must be at least  
40 \$75,000;

41 (B) The local filmmaker or local media production services company must have spent 80 percent  
42 of the film's payroll on employees who are residents of this state; and

43 (C) The local filmmaker or local media production services company must have employed or  
44 contracted with a public accountant certified under ORS 673.040 for the provision of payroll ser-  
45 vices.

1       **(4) In combination with the reimbursements allowed under subsections (2) and (3) of this**  
2 **section, the department may make an additional payment to a filmmaker for one of the fol-**  
3 **lowing:**

4       **(a) A travel and living expenses rebate of \$200 per employee per day, for any day that a**  
5 **film is shot entirely outside the Portland metropolitan zone, not to exceed \$10,000 per day**  
6 **or \$50,000 per film; or**

7       **(b) An increase of 10 percent of the amount otherwise allowable under subsections (2)**  
8 **and (3) this section, if for at least six days and at least one day more than half of its total**  
9 **shoot days in Oregon the film is shot entirely outside the Portland metropolitan zone.**

10       [(4)] **(5)** Reimbursement under this section shall be made from moneys credited to or deposited  
11 in the Oregon Production Investment Fund during the biennium in which the actual Oregon ex-  
12 penses were paid or any prior biennium. A reimbursement may not be made to the extent funds are  
13 not available in the fund to make the reimbursement.

14       [(5)(a)] **(6)(a)** Total actual Oregon expenses supporting a claim for reimbursement under this  
15 section must be verified by the Oregon Film and Video Office. The filmmaker or local media pro-  
16 duction services company must submit to the office proof of the actual Oregon expenses. The proof  
17 must include any documentation that may be required by the office in its discretion to verify the  
18 actual Oregon expenses.

19       (b) The office may charge the filmmaker or local media production services company for costs  
20 reasonably incurred to verify the actual Oregon expenses, including but not limited to the cost for  
21 a review or audit of the supporting documentation by an accountant or auditor. The office may re-  
22 quire the department to deduct the costs incurred by the office in performing its review or audit  
23 from any reimbursement made to the filmmaker or local media production services company under  
24 this section.

25       (c) The office may adopt rules that establish a procedure for the submission and verification of  
26 actual Oregon expenses.

27       **SECTION 8.** ORS 315.514 is amended to read:

28       315.514. (1) A credit against the taxes that are otherwise due under ORS chapter 316 or, if the  
29 taxpayer is a corporation, under ORS chapter 317 or 318, is allowed to a taxpayer for certified film  
30 production development contributions made by the taxpayer during the tax year to the Oregon  
31 Production Investment Fund established under ORS 284.367.

32       (2)(a) The Department of Revenue shall, in cooperation with the Oregon Film and Video Office,  
33 conduct an auction of tax credits under this section. The department may conduct the auction in the  
34 manner that it determines is best suited to maximize the return to the state on the sale of tax credit  
35 certifications and shall announce a reserve bid prior to conducting the auction. The reserve amount  
36 shall be at least 95 percent of the total amount of the tax credit. Moneys necessary to reimburse  
37 the department for the actual costs incurred by the department in administering an auction, not to  
38 exceed 0.25 percent of auction proceeds, are continuously appropriated to the department. The de-  
39 partment shall deposit net receipts from the auction required under this section in the Oregon Pro-  
40 duction Investment Fund.

41       (b) The Oregon Film and Video Office shall adopt rules in order to achieve the following goals:

42       (A) Subject to paragraph (a) of this subsection, generate contributions for which tax credits of  
43 [~~\$10~~] **\$12** million are certified for each fiscal year;

44       (B) Maximize income and excise tax revenues that are retained by the State of Oregon for state  
45 operations; and



1 (C) Provide the necessary financial incentives for taxpayers to make contributions, taking into  
2 consideration the impact of granting a credit upon a taxpayer's federal income tax liability.

3 (3) Contributions made under this section shall be deposited in the Oregon Production Invest-  
4 ment Fund.

5 (4)(a) Upon receipt of a contribution, the Oregon Film and Video Office shall, except as provided  
6 in ORS 315.516, issue to the taxpayer written certification of the amount certified for tax credit  
7 under this section to the extent the amount certified for tax credit, when added to all amounts  
8 previously certified for tax credit under this section, does not exceed [~~\$10~~] **\$12** million for the fiscal  
9 year in which certification is made.

10 (b) The Oregon Film and Video Office and the department are not liable, and a refund of a  
11 contributed amount need not be made, if a taxpayer who has received tax credit certification is  
12 unable to use all or a portion of the tax credit to offset the tax liability of the taxpayer.

13 (5) To the extent the Oregon Film and Video Office does not certify contributed amounts as el-  
14 igible for a tax credit under this section, the taxpayer may request a refund of the amount the tax-  
15 payer contributed, and the office shall refund that amount.

16 (6)(a) Except as provided in paragraph (b) of this subsection, a tax credit claimed under this  
17 section may not exceed the tax liability of the taxpayer and may not be carried over to another tax  
18 year.

19 (b) Any tax credit otherwise allowable under this section that is not used by the taxpayer in a  
20 particular tax year may be carried forward and offset against the taxpayer's tax liability for the next  
21 succeeding tax year. Any credit remaining unused in the next succeeding tax year may be carried  
22 forward and used in the second succeeding tax year, and likewise, any credit not used in that second  
23 succeeding tax year may be carried forward and used in the third succeeding tax year but may not  
24 be carried forward for any tax year thereafter.

25 (c) A taxpayer is not eligible for a tax credit under this section if the first tax year for which  
26 the credit would otherwise be allowed begins on or after January 1, 2024.

27 (7) If a tax credit is claimed under this section by a nonresident or part-year resident taxpayer,  
28 the amount shall be allowed without proration under ORS 316.117.

29 (8) If the amount of contribution for which a tax credit certification is made is allowed as a  
30 deduction for federal tax purposes, the amount of the contribution shall be added to federal taxable  
31 income for Oregon tax purposes.

32 **SECTION 9.** ORS 315.514, as amended by section 8 of this 2016 Act, is amended to read:

33 315.514. (1) A credit against the taxes that are otherwise due under ORS chapter 316 or, if the  
34 taxpayer is a corporation, under ORS chapter 317 or 318, is allowed to a taxpayer for certified film  
35 production development contributions made by the taxpayer during the tax year to the Oregon  
36 Production Investment Fund established under ORS 284.367.

37 (2)(a) The Department of Revenue shall, in cooperation with the Oregon Film and Video Office,  
38 conduct an auction of tax credits under this section. The department may conduct the auction in the  
39 manner that it determines is best suited to maximize the return to the state on the sale of tax credit  
40 certifications and shall announce a reserve bid prior to conducting the auction. The reserve amount  
41 shall be at least 95 percent of the total amount of the tax credit. Moneys necessary to reimburse  
42 the department for the actual costs incurred by the department in administering an auction, not to  
43 exceed 0.25 percent of auction proceeds, are continuously appropriated to the department. The de-  
44 partment shall deposit net receipts from the auction required under this section in the Oregon Pro-  
45 duction Investment Fund.

1 (b) The Oregon Film and Video Office shall adopt rules in order to achieve the following goals:

2 (A) Subject to paragraph (a) of this subsection, generate contributions for which tax credits of  
3 [~~\$12~~] **\$14** million are certified for each fiscal year;

4 (B) Maximize income and excise tax revenues that are retained by the State of Oregon for state  
5 operations; and

6 (C) Provide the necessary financial incentives for taxpayers to make contributions, taking into  
7 consideration the impact of granting a credit upon a taxpayer's federal income tax liability.

8 (3) Contributions made under this section shall be deposited in the Oregon Production Invest-  
9 ment Fund.

10 (4)(a) Upon receipt of a contribution, the Oregon Film and Video Office shall, except as provided  
11 in ORS 315.516, issue to the taxpayer written certification of the amount certified for tax credit  
12 under this section to the extent the amount certified for tax credit, when added to all amounts  
13 previously certified for tax credit under this section, does not exceed [~~\$12~~] **\$14** million for the fiscal  
14 year in which certification is made.

15 (b) The Oregon Film and Video Office and the department are not liable, and a refund of a  
16 contributed amount need not be made, if a taxpayer who has received tax credit certification is  
17 unable to use all or a portion of the tax credit to offset the tax liability of the taxpayer.

18 (5) To the extent the Oregon Film and Video Office does not certify contributed amounts as el-  
19 igible for a tax credit under this section, the taxpayer may request a refund of the amount the tax-  
20 payer contributed, and the office shall refund that amount.

21 (6)(a) Except as provided in paragraph (b) of this subsection, a tax credit claimed under this  
22 section may not exceed the tax liability of the taxpayer and may not be carried over to another tax  
23 year.

24 (b) Any tax credit otherwise allowable under this section that is not used by the taxpayer in a  
25 particular tax year may be carried forward and offset against the taxpayer's tax liability for the next  
26 succeeding tax year. Any credit remaining unused in the next succeeding tax year may be carried  
27 forward and used in the second succeeding tax year, and likewise, any credit not used in that second  
28 succeeding tax year may be carried forward and used in the third succeeding tax year but may not  
29 be carried forward for any tax year thereafter.

30 (c) A taxpayer is not eligible for a tax credit under this section if the first tax year for which  
31 the credit would otherwise be allowed begins on or after January 1, 2024.

32 (7) If a tax credit is claimed under this section by a nonresident or part-year resident taxpayer,  
33 the amount shall be allowed without proration under ORS 316.117.

34 (8) If the amount of contribution for which a tax credit certification is made is allowed as a  
35 deduction for federal tax purposes, the amount of the contribution shall be added to federal taxable  
36 income for Oregon tax purposes.

37 **SECTION 10.** (1) **The amendments to ORS 315.514 by section 8 of this 2016 Act apply to**  
38 **fiscal years beginning on or after July 1, 2016, and before July 1, 2017.**

39 **(2) The amendments to ORS 284.367, 284.368 and 315.514 by sections 6, 7 and 9 of this 2016**  
40 **Act apply to fiscal years beginning on or after July 1, 2017.**

41 **SECTION 11.** Section 6, chapter 739, Oregon Laws 2007, as amended by section 5, chapter 590,  
42 Oregon Laws 2007, section 18, chapter 913, Oregon Laws 2009, and section 2, chapter 730, Oregon  
43 Laws 2011, is amended to read:

44 **Sec. 6.** (1)(a) ORS 315.141, 315.144 and [~~469.790~~] **469B.403** apply to tax credits for tax years be-  
45 ginning on or after January 1, 2007, and before January 1, [~~2018~~] **2022.**

1       **(b) Notwithstanding paragraph (a) of this subsection, credits as provided under ORS**  
2 **469B.403 (1) to (7) are not allowed for tax years beginning on or after January 1, 2018.**

3       (2) Notwithstanding subsection (1) of this section, a tax credit is not allowed for wheat grain  
4 (other than nongrain wheat material) for tax years beginning before January 1, 2009, or on or after  
5 January 1, 2018.

6       **SECTION 12.** ORS 469B.403 is amended to read:

7       469B.403. To be eligible for the tax credit under ORS 315.141, the biomass must be produced or  
8 collected in Oregon as a feedstock for bioenergy or biofuel production in Oregon. The credit rates  
9 for biomass are:

10       (1) For oilseed crops, \$0.05 per pound.

11       (2) For grain crops, including but not limited to wheat, barley and triticale, \$0.90 per bushel.

12       (3) For virgin oil or alcohol delivered for production in Oregon from Oregon-based feedstock,  
13 \$0.10 per gallon.

14       (4) For used cooking oil or waste grease, \$0.10 per gallon.

15       (5) For wastewater biosolids, \$10.00 per wet ton.

16       (6) For woody biomass collected from nursery, orchard, agricultural, forest or rangeland prop-  
17 erty in Oregon, including but not limited to prunings, thinning, plantation rotations, log landing or  
18 slash resulting from harvest or forest health stewardship, \$10.00 per bone dry ton.

19       (7) For grass, wheat, straw or other vegetative biomass from agricultural crops, \$10.00 per bone  
20 dry ton.

21       (8) For animal manure or rendering offal, [~~\$5.00~~] **\$3.50** per wet ton.

22       **SECTION 13.** The amendments to ORS 469B.403 by section 12 of this 2016 Act apply to  
23 tax years beginning on or after January 1, 2016, and before January 1, 2022.

24       **SECTION 14.** Section 15 of this 2016 Act is added to and made a part of ORS chapter  
25 **469B.**

26       **SECTION 15.** (1) Under the procedures for a contested case under ORS chapter 183, the  
27 Director of the State Department of Energy may order the suspension or revocation of the  
28 certificate or portion of the certificate issued under ORS 315.141 if the director finds that:

29       (a) The certification was obtained by fraud or misrepresentation; or

30       (b) The certification was obtained by mistake or miscalculation.

31       (2) As soon as the order of revocation under this section becomes final, the director shall  
32 notify the Department of Revenue and the person that obtained the tax credit certification  
33 from the State Department of Energy of the order of revocation. Upon notification, the De-  
34 partment of Revenue immediately shall proceed to collect:

35       (a) In the case in which no portion of a certificate has been transferred under ORS  
36 315.144, those taxes not paid by the certificate holder as a result of the tax credits provided  
37 to the certificate holder under ORS 315.141 and 469B.403 pursuant to the revoked certifica-  
38 tion, from the certificate holder or a successor in interest to the business interests of the  
39 certificate holder. All tax credits provided to the holder of the certificate and attributable  
40 to the fraudulently or mistakenly obtained certificate or portion of the certificate shall be  
41 forfeited.

42       (b) In the case in which all of a certificate has been transferred under ORS 315.144, an  
43 amount equal to the amount of the tax credits allowable to the transferee under ORS 315.141  
44 and 469B.403 pursuant to the revoked certification, from the transferor.

45       (c) In the case in which a portion of a certificate has been transferred under ORS 315.144,

1 those taxes not paid by the transferor as a result of the tax credits provided to the  
2 transferor under ORS 315.141 and 469B.403 pursuant to the revoked certification, from the  
3 transferor or a successor in interest to the business interests of the transferor, and an  
4 amount equal to the amount of the tax credits allowable to the transferee under ORS 315.141  
5 and 469B.403 pursuant to the revoked certification, from the transferor. All tax credits pro-  
6 vided to the transferor and attributable to the fraudulently or mistakenly obtained certificate  
7 or portion of the certificate shall be forfeited.

8 (3)(a) The Department of Revenue shall have the benefit of all laws of this state per-  
9 taining to the collection of income and excise taxes and may proceed to collect the amounts  
10 described in subsection (2) of this section from the person that obtained certification from  
11 the State Department of Energy, or a successor in interest to the business interests of that  
12 person. No assessment of tax shall be necessary and no statute of limitation shall preclude  
13 the collection of taxes described in this subsection.

14 (b) For purposes of this subsection, a lender, bankruptcy trustee or other person that  
15 acquires an interest through bankruptcy or through foreclosure of a security interest is not  
16 considered to be a successor in interest to the business interests of the person that obtained  
17 certification.

18 (4) Notwithstanding subsections (1) to (3) of this section, a certificate or portion of a  
19 certificate held by a transferee under ORS 315.144 may not be considered revoked for pur-  
20 poses of the transferee, the tax credit allowable to the transferee under ORS 315.144 may  
21 not be reduced and a transferee is not liable under subsections (2) and (3) of this section.

22 **SECTION 16.** Section 15 of this 2016 Act applies to certifications issued under ORS 315.141  
23 in tax years beginning on or after January 1, 2007.

24 **SECTION 17.** This 2016 Act takes effect on the 91st day after the date on which the 2016  
25 regular session of the Seventy-eighth Legislative Assembly adjourns sine die.

26