

Requested by Representative DAVIS

**PROPOSED AMENDMENTS TO
A-ENGROSSED SENATE BILL 1507**

1 'NAME'

2 On page 1 of the printed A-engrossed bill, line 2, after "305.792," insert
3 "314.752,".

4 In line 3, after "316.116" insert ", 318.031".

5 On page 12, after line 23, insert:

6 **"SECTION 17. Section 18 of this 2016 Act is added to and made a
7 part of ORS chapter 315.**

8 **"SECTION 18. (1) As used in this section, 'qualifying employer'
9 means an employer that operates in the following industries as cate-
10 gorized by the North American Industry Classification System:**

11 **"(a) Animal production and aquaculture;**

12 **"(b) Crop production and support activities for crop production;**

13 **"(c) Fishing, hunting and trapping; or**

14 **"(d) Food manufacturing.**

15 **"(2) A credit against the taxes that are otherwise due under ORS
16 chapter 316, or, if the employer is a corporation, under ORS chapter
17 317 or 318, shall be allowed to a qualifying employer. The credit under
18 this section shall be allowed for wages paid to employees of the quali-
19 fying employer based on every paid hour worked by an employee:**

20 **"(a) Who earns \$15.10 or less per hour under ORS 653.025 (1); or**

21 **"(b) Who earns \$14.10 or less per hour under ORS 653.025 (3).**

1 **“(3) The credit allowed under this section for employees described**
2 **in subsection (2) of this section shall be calculated by multiplying the**
3 **number of hours worked by the employees during the following years:**

4 **“(a) For wages paid during 2017, 10 cents.**

5 **“(b) For wages paid during 2018, 40 cents.**

6 **“(c) For wages paid during 2019, 65 cents.**

7 **“(d) For wages paid during 2020, 90 cents.**

8 **“(e) For wages paid during 2021, \$1.15.**

9 **“(f) For wages paid during 2022, \$1.40.**

10 **“(g) For wages paid during 2023, \$1.60.**

11 **“(h) For wages paid during 2024, \$1.20.**

12 **“(i) For wages paid during 2025, 80 cents.**

13 **“(j) For wages paid during 2026, 40 cents.**

14 **“(k) For wages paid on or after January 1, 2027, no credit is allowed**
15 **under this section.**

16 **“(4) The amount in effect for a year under subsection (3) of this**
17 **section shall be reduced by the percentage of the increase in the min-**
18 **imum wage provided by section 6(a)(1) of the Fair Labor Standards**
19 **Act for the respective year over the minimum wage provided by sec-**
20 **tion 6(a)(1) of the Fair Labor Standards Act for the immediately pre-**
21 **ceding year.**

22 **“(5) Notwithstanding subsection (3) of this section, the credit al-**
23 **lowed to a qualifying employer under this section shall be limited to**
24 **the first 208,000 hours worked in the tax year by the employees of the**
25 **qualifying employer.**

26 **“(6) The Department of Revenue may disallow a credit otherwise**
27 **allowed under this section if:**

28 **“(a) A penalty of \$1,000 or more has been imposed on the qualifying**
29 **employer due to a failure of the qualifying employer to comply with**
30 **ORS chapter 654 or any rules adopted under ORS chapter 654; or**

1 **“(b) More than one separate court judgment or final agency order**
2 **has imposed a penalty of \$1,000 or more on the qualifying employer**
3 **based on a finding that the qualifying employer has violated a wage**
4 **and hour standard under ORS chapter 652 or 653.**

5 **“(7) The Department of Consumer and Business Services and the**
6 **Bureau of Labor and Industries shall provide the Department of Rev-**
7 **enue with any information necessary for the Department of Revenue**
8 **to make a determination on whether to disallow a credit under sub-**
9 **section (6) of this section.**

10 **“(8) A qualifying employer may not receive a credit under this sec-**
11 **tion if the qualifying employer has reduced employee wages with the**
12 **intention of qualifying for a credit under this section.**

13 **“(9) A taxpayer may qualify for the credit allowed under this section**
14 **if the taxpayer pays the taxpayer’s employees in accordance with all**
15 **applicable federal, state and local laws.**

16 **“(10) If the amount allowable as a credit under this section, when**
17 **added to the sum of the amount of estimated tax paid under ORS**
18 **314.515 and any other tax prepayment amounts, exceeds the taxes im-**
19 **posed by ORS chapters 314 and 317 for the tax year (reduced by any**
20 **nonrefundable credits allowable for purposes of ORS chapter 317 for**
21 **the tax year), the amount of the excess shall be refunded to the tax-**
22 **payer as provided in ORS 314.415.**

23 **“(11) The credit shall be claimed on a form prescribed by the De-**
24 **partment of Revenue that contains the information required by the**
25 **department.**

26 **“(12) A nonresident shall be allowed the credit under this section.**
27 **The credit shall be computed in the same manner and be subject to**
28 **the same limitations as the credit granted to a resident.**

29 **“(13) If a change in the taxable year of the taxpayer occurs as de-**
30 **scribed in ORS 314.085, or if the Department of Revenue terminates the**

1 taxpayer's taxable year under ORS 314.440, the credit allowed by this
2 section shall be prorated or computed in a manner consistent with
3 ORS 314.085.

4 “(14) If a change in the status of a taxpayer from resident to non-
5 resident or from nonresident to resident occurs, the credit allowed by
6 this section shall be determined in a manner consistent with ORS
7 316.117.

8 “(15) The Department of Revenue and the Employment Department
9 may share with each other information as necessary to perform their
10 duties under this section.

11 “(16) The Department of Revenue and the Employment Department
12 may adopt rules for carrying out the provisions of this section.

13 “(17) A qualifying employer who may claim a credit during 2017 may
14 claim the credit only for wages paid to an employee on or after July
15 1, 2017.

16 “SECTION 19. Section 18 of this 2016 Act applies to tax years be-
17 ginning on or after January 1, 2017, and before July 1, 2027.

18 “SECTION 20. ORS 314.752 is amended to read:

19 “314.752. (1) Except as provided in ORS 314.740 (5)(b), the tax credits al-
20 lowed or allowable to a C corporation for purposes of ORS chapter 317 or
21 318 shall not be allowed to an S corporation. The business tax credits al-
22 lowed or allowable for purposes of ORS chapter 316 shall be allowed or are
23 allowable to the shareholders of the S corporation.

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

1 1377(a) of the Internal Revenue Code.

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

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

10 “(5) As used in this section, ‘business tax credit’ means a tax credit
11 granted to personal income taxpayers to encourage certain investment, to
12 create employment, economic opportunity or incentive or for charitable, ed-
13 ucational, scientific, literary or public purposes that is listed under this
14 subsection as a business tax credit or is designated as a business tax credit
15 by law or by the Department of Revenue by rule and includes but is not
16 limited to the following credits: ORS 285C.309 (tribal taxes on reservation
17 enterprise zones and reservation partnership zones), ORS 315.104 (forestation
18 and reforestation), ORS 315.138 (fish screening, by-pass devices, fishways),
19 ORS 315.141 (biomass production for biofuel), ORS 315.156 (crop gleaning),
20 ORS 315.164 and 315.169 (agriculture workforce housing), ORS 315.204 (de-
21 pendent care assistance), ORS 315.208 (dependent care facilities), ORS 315.213
22 (contributions for child care), ORS 315.304 (pollution control facility), ORS
23 315.326 (renewable energy development contributions), ORS 315.331 (energy
24 conservation projects), ORS 315.336 (transportation projects), ORS 315.341
25 (renewable energy resource equipment manufacturing facilities), ORS 315.354
26 and 469B.151 (energy conservation facilities), ORS 315.507 (electronic com-
27 merce) and ORS 315.533 (low income community jobs initiative) **and section**
28 **18 of this 2016 Act (minimum wage).**

29 **“SECTION 21.** ORS 318.031 is amended to read:

30 “318.031. It being the intention of the Legislative Assembly that this

1 chapter and ORS chapter 317 shall be administered as uniformly as possible
2 (allowance being made for the difference in imposition of the taxes), ORS
3 305.140 and 305.150, ORS chapter 314 and the following sections are incor-
4 porated into and made a part of this chapter: ORS 285C.309, 315.104, 315.141,
5 315.156, 315.204, 315.208, 315.213, 315.304, 315.326, 315.331, 315.336, 315.507 and
6 **315.533 and section 18 of this 2016 Act** (all only to the extent applicable
7 to a corporation) and ORS chapter 317.”.

8 In line 24, delete “17” and insert “22”.

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