

House Bill 2286

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Governor Kate Brown for Department of 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 **as introduced**.

Requires that transfer of tax credit follow uniform transfer procedures. Authorizes Department of Revenue to prescribe additional procedural requirements for transfer of credits. Requires certifying agencies to provide information about certification of tax credits to Department of Revenue. Authorizes Director of State Department of Energy and Director of Housing and Community Services Department to suspend or revoke certification of transferable tax credit certification in certain circumstances. Allows Department of Revenue to collect unpaid taxes in case of suspension or revocation of transferable credit.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to administration of tax credits; creating new provisions; amending ORS 285C.100, 285C.650, 315.053, 315.138, 315.141, 315.144, 315.164, 315.169, 315.624, 317.097, 317.147, 329A.706, 348.621, 442.485, 458.690, 469B.106, 469B.154, 469B.276, 469B.291, 469B.323 and 469B.332; repealing section 15, chapter 29, Oregon Laws 2016; and prescribing an effective date.

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

ADMINISTRATION OF TAX CREDIT PROVISIONS

SECTION 1. Sections 2 to 4 of this 2017 Act are added to and made a part of ORS chapter 315.

SECTION 2. (1) For any transferable tax credit that is allowed under this chapter or ORS chapter 316 or 317, transfer of the credit is conditioned upon compliance with this section and ORS 315.052 and 315.053.

(2) The Department of Revenue may require that the person that has earned the credit and the taxpayer that intends to claim the credit jointly file a notice of tax credit transfer with the department within 30 days of the transfer of the credit. The notice shall be given on a form prescribed by the department that contains:

(a) The name and address of the transferor and of the transferee;

(b) The taxpayer identification number of the transferor and of the transferee;

(c) The dates on which the person earning the credit received certifications for the credit;

(d) The amount of the credit that is certified, the amount that is being transferred and the amount that is being retained by the transferor; and

(e) Any other information required by the department.

(3) Unless otherwise specifically provided by law, a transferable tax credit may be transferred within two tax years from the original due date of the return, excluding extensions,

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 for the tax year in which the credit certification was first issued.

2 (4) A credit may not be transferred if any portion of the credit has been claimed by the
3 prospective transferor.

4 (5) The transferee shall claim the credit in accordance with the credit provisions for the
5 tax years in which the credit is allowed.

6 (6) In the case of a refund resulting from overpayment attributable to the claiming of a
7 transferred tax credit, interest may not be paid for any period prior to a date 45 days from
8 the due date or the date of filing of the return on which the transferred credit is claimed
9 by the transferee, whichever is later.

10 (7) The department may by rule prescribe additional policies or procedures for the
11 transfer of tax credits.

12 **SECTION 3.** (1) For any tax credit that is allowed under this chapter or ORS chapter 316
13 or 317 and for which certification, determination of eligibility or other approval from an
14 agency other than the Department of Revenue is required and was issued on or after January
15 1, 2016, the department may by rule require that the other agency provide information about
16 the certification, determination of eligibility or other approval, including the name and tax-
17 payer identification number of the taxpayer or other person receiving approval, the date the
18 approval was issued in its final form, the approved amount of credit and the first tax year
19 for which the credit may be claimed.

20 (2) A pass-through entity that has received certification shall provide the information
21 described in subsection (1) of this section to the department within two months after the
22 close of the tax year in which the certification was issued.

23 (3) The Department of Revenue shall prescribe by rule the manner and the timing of
24 submission of the information to the department.

25 **SECTION 4.** (1) Under the procedures for a contested case under ORS chapter 183, the
26 director of the agency responsible for certifying a tax credit allowed under this chapter or
27 ORS chapter 316 or 317 may order the suspension or revocation of the tax credit certification
28 or portion of the tax credit certification 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 an 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 of the order of revocation. Upon notification, the Department of Revenue immediately shall
34 proceed to collect:

35 (a) If no portion of a certification has been transferred, those taxes not paid by the cer-
36 tificate holder as a result of the tax credits provided to the certificate holder under the re-
37 voked certification, from the certificate holder or a successor in interest to the business
38 interests of the certificate holder. All tax credits provided to the holder of the certificate and
39 attributable to the fraudulently or mistakenly obtained certification or portion of the certi-
40 fication shall be forfeited.

41 (b) If all of a certification has been transferred, an amount equal to the amount of the
42 tax credits allowable to the transferee under the revoked certification, from the transferor.

43 (c) If a portion of a certification has been transferred, those taxes not paid by the
44 transferor as a result of the tax credits provided to the transferor pursuant to the revoked
45 certification, from the transferor or a successor in interest to the business interests of the

1 transferor, and an amount equal to the amount of the tax credits allowable to the transferee
 2 pursuant to the revoked certification, from the transferor. All tax credits provided to the
 3 transferor and attributable to the fraudulently or mistakenly obtained certification or por-
 4 tion of the certification shall be forfeited.

5 (3)(a) The Department of Revenue shall have the benefit of all laws of this state per-
 6 taining to the collection of income and excise taxes and may proceed to collect the amounts
 7 described in subsection (2) of this section from the person that obtained certification or a
 8 successor in interest to the business interests of that person. An assessment of tax is not
 9 necessary and the collection of taxes described in this subsection is not precluded by any
 10 statute of limitations.

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

15 (4) Interest under this section shall accrue at the rate established in ORS 305.220 begin-
 16 ning the day after the due date of the return on which the credit may first be claimed.

17 (5) The Department of Revenue may collect amounts owed under this section by a part-
 18 nership from the partnership.

19 **SECTION 5.** ORS 315.053 is amended to read:

20 315.053. An income tax credit allowed [*under ORS 315.141, 315.331, 315.336, 315.341 or 315.354*
 21 *or section 12, chapter 855, Oregon Laws 2007,*] **this chapter or ORS chapter 316 or 317 that is**
 22 **transferable** may be transferred or sold only to one or more of the following:

- 23 (1) A C corporation.
- 24 (2) An S corporation.
- 25 (3) A personal income taxpayer.

26 **SECTION 6. Section 15, chapter 29, Oregon Laws 2016, is repealed.**

27
 28 **TRANSFERABLE TAX CREDIT PROVISIONS**

29
 30 **SECTION 7.** ORS 315.141 is amended to read:

31 315.141. (1) As used in this section:

32 (a) “Agricultural producer” means a person that produces biomass in Oregon that is used, in
 33 Oregon, as biofuel or to produce biofuel.

34 (b) “Biofuel” means liquid, gaseous or solid fuels, derived from biomass, that have been con-
 35 verted into a processed fuel ready for use as energy by a biofuel producer’s customers or for direct
 36 biomass energy use at the biofuel producer’s site.

37 (c) “Biofuel producer” means a person that through activities in Oregon:

- 38 (A) Alters the physical makeup of biomass to convert it into biofuel;
- 39 (B) Changes one biofuel into another type of biofuel; or
- 40 (C) Uses biomass in Oregon to produce energy.

41 (d) “Biomass” means organic matter that is available on a renewable or recurring basis and that
 42 is derived from:

43 (A) Forest or rangeland woody debris from harvesting or thinning conducted to improve forest
 44 or rangeland ecological health and reduce uncharacteristic stand replacing wildfire risk;

45 (B) Wood material from hardwood timber described in ORS 321.267 (3);

- 1 (C) Agricultural residues;
- 2 (D) Offal and tallow from animal rendering;
- 3 (E) Food wastes collected as provided under ORS chapter 459 or 459A;
- 4 (F) Wood debris collected as provided under ORS chapter 459 or 459A;
- 5 (G) Wastewater solids; or
- 6 (H) Crops grown solely to be used for energy.
- 7 (e) "Biomass" does not mean wood that has been treated with creosote, pentachlorophenol, in-
- 8 organic arsenic or other inorganic chemical compounds or waste, other than matter described in
- 9 paragraph (d) of this subsection.
- 10 (f) "Biomass collector" means a person that collects biomass in Oregon to be used, in Oregon,
- 11 as biofuel or to produce biofuel.
- 12 (g) "Canola" means plants of the genus Brassica:
- 13 (A) In which seeds having a high oil content are the primary economically valuable product; and
- 14 (B) That have a high erucic acid content suitable for industrial uses or a low erucic acid content
- 15 suitable for edible oils.
- 16 (h) "Oilseed processor" means a person that receives agricultural oilseeds and separates them
- 17 into meal and oil by mechanical or chemical means.
- 18 (i) "Willamette Valley" means Clackamas, Linn, Marion, Multnomah, Polk, Washington and
- 19 Yamhill Counties and the portion of Benton and Lane Counties lying east of the summit of the Coast
- 20 Range.
- 21 (2) The Director of the State Department of Energy may adopt rules to define criteria, only as
- 22 the criteria apply to organic biomass, to determine additional characteristics of biomass for purposes
- 23 of this section.
- 24 (3)(a) An agricultural producer or biomass collector shall be allowed a credit against the taxes
- 25 that would otherwise be due under ORS chapter 316 or, if the taxpayer is a corporation, under ORS
- 26 chapter 317 or 318 for:
- 27 (A) The production of biomass in Oregon that is used, in Oregon, as biofuel or to produce
- 28 biofuel; or
- 29 (B) The collection of biomass in Oregon that is used, in Oregon, as biofuel or to produce biofuel.
- 30 (b) A credit under this section may be claimed in the tax year in which the credit is certified
- 31 under subsection (5) of this section.
- 32 (c) A taxpayer may be allowed a credit under this section for more than one of the roles defined
- 33 in subsection (1) of this section, but a biofuel producer that is not also an agricultural producer or
- 34 a biomass collector may not claim a credit under this section.
- 35 (d) A credit under this section may be claimed only once for each unit of biomass.
- 36 (e) Notwithstanding paragraph (a) of this subsection, a tax credit:
- 37 (A) Is not allowed for canola grown, collected or produced in the Willamette Valley; and
- 38 (B) Is not allowed for grain corn, but a tax credit shall be allowed for other corn material.
- 39 (4) The amount of the credit shall equal the amount certified under subsection (5) of this section.
- 40 (5)(a) The State Department of Energy may establish by rule procedures and criteria for deter-
- 41 mining the amount of the tax credit to be certified under this section, consistent with ORS 469B.403.
- 42 The department shall provide written certification to taxpayers that are eligible to claim the credit
- 43 under this section.
- 44 (b) The State Department of Energy may charge and collect a fee from taxpayers for certifica-
- 45 tion of credits under this section. The fee may not exceed the cost to the department of determining

1 the amount of certified cost.

2 *[(c) The State Department of Energy shall provide to the Department of Revenue a list, by tax year,*
3 *of taxpayers for which a credit is certified under this section, upon request of the Department of Re-*
4 *venue.]*

5 (6) The amount of the credit claimed under this section for any tax year may not exceed the tax
6 liability of the taxpayer.

7 (7) Each agricultural producer or biomass collector shall maintain the written documentation
8 of the amount certified for tax credit under this section in its records for a period of at least five
9 years after the tax year in which the credit is claimed and provide the written documentation to the
10 Department of Revenue upon request.

11 (8) The credit shall be claimed on a form prescribed by the Department of Revenue that contains
12 the information required by the department.

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

20 (10) In the case of a credit allowed under this section:

21 (a) A nonresident shall be allowed the credit under this section in the proportion provided in
22 ORS 316.117.

23 (b) If a change in the status of the taxpayer from resident to nonresident or from nonresident
24 to resident occurs, the credit allowed by this section shall be determined in a manner consistent
25 with ORS 316.117.

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

29 **(11) The State Department of Energy shall provide information to the Department of**
30 **Revenue about all certifications issued under this section, as required by section 3 of this**
31 **2017 Act.**

32 **SECTION 8.** ORS 315.144 is amended to read:

33 315.144. (1) A person that has obtained a tax credit under ORS 315.141 may transfer the credit
34 to a taxpayer subject to tax under ORS chapter 316, 317 or 318. **The transfer must comply with**
35 **section 2 of this 2017 Act.**

36 *[(2) A tax credit allowed under ORS 315.141 may be transferred on or before the date on which*
37 *the return is due for the tax year in which the credit may first be claimed. After that date, no portion*
38 *of a credit allowed under ORS 315.141 may be transferred.]*

39 *[(3) To transfer the tax credit, the taxpayer earning the credit and the taxpayer that will claim the*
40 *credit shall, on or before the date prescribed in subsection (2) of this section, jointly file a notice of tax*
41 *credit transfer with the Department of Revenue. The notice shall be given on a form prescribed by the*
42 *department that contains all of the following:]*

43 *[(a) The name and address of the transferor and transferee;]*

44 *[(b) The amount of the tax credit that is being transferred;]*

45 *[(c) The amount of the tax credit that is being retained by the transferor; and]*

1 *[(d) Any other information required by the department.]*

2 [(4)] (2) The State Department of Energy may establish by rule a minimum discounted value of
3 a tax credit under this section.

4 *[(5) The Department of Revenue, in consultation with the State Department of Energy, may by rule
5 establish procedures for the transfer of tax credits provided by this section.]*

6 **SECTION 9.** ORS 315.164 is amended to read:

7 315.164. (1) A taxpayer who is the owner or operator of agriculture workforce housing is allowed
8 a credit against the taxes otherwise due under ORS chapter 316, if the taxpayer is a resident indi-
9 vidual, or against the taxes otherwise due under ORS chapter 317, if the taxpayer is a corporation.
10 The total amount of the credit shall be equal to 50 percent of the eligible costs actually paid or
11 incurred by the taxpayer to complete an agriculture workforce housing project, to the extent the
12 eligible costs actually paid or incurred by the taxpayer do not exceed the estimate of eligible costs
13 approved by the Housing and Community Services Department under ORS 315.167.

14 (2) A taxpayer who is otherwise eligible to claim a credit under this section may elect to
15 transfer all or a portion of the credit to a contributor in the manner provided in ORS 315.169.

16 (3)(a) The credit allowed under this section may be taken for the tax year in which the agri-
17 culture workforce housing project is completed or in any of the nine tax years succeeding the tax
18 year in which the project is completed.

19 (b) The credit allowed in any one tax year may not exceed 20 percent of the amount determined
20 under subsection (1) of this section.

21 (4)(a) To claim a credit under this section, a taxpayer must show in each year following the
22 completion of an agriculture workforce housing project that the housing continues to be operated
23 as agriculture workforce housing.

24 (b) A taxpayer need not make the showing required in paragraph (a) of this subsection if the
25 Housing and Community Services Department waives the requirement after the taxpayer has suc-
26 cessfully met the requirement for the first five years after completion of the agriculture workforce
27 housing project.

28 (c) The Housing and Community Services Department shall determine by rule the factors nec-
29 cessary to grant a waiver. Such factors may include a documented decline in a particular area for
30 agriculture workforce housing.

31 (5) The credit shall apply only to an agriculture workforce housing project that is located within
32 this state and physically begun on or after January 1, 1990.

33 (6)(a) A credit may not be allowed under this section unless the taxpayer claiming credit under
34 this section:

35 (A) Obtains a letter of credit approval from the Housing and Community Services Department
36 pursuant to ORS 315.167; and

37 (B) Files with the *[Department of Revenue]* **Housing and Community Services Department** an
38 annual certification providing that all occupied units for which credit is being claimed are occupied
39 by agricultural workers, including agricultural workers who are retired or disabled, and their im-
40 mediate families.

41 (b) The certification described under this subsection shall be made on the form and in the time
42 and manner prescribed by the *[Department of Revenue]* **Housing and Community Services De-**
43 **partment.**

44 (7) Except as provided under subsection (8) of this section, the credit allowed in any one year
45 may not exceed the tax liability of the taxpayer.

1 (8) Any tax credit otherwise allowable under this section that is not used by the taxpayer in a
 2 particular tax year may be carried forward and offset against the taxpayer's tax liability for the next
 3 succeeding tax year. Any credit remaining unused in the next succeeding tax year may be carried
 4 forward and used in the second succeeding tax year, and likewise any credit not used in that second
 5 succeeding tax year may be carried forward and used in the third succeeding tax year, and any
 6 credit not used in that third succeeding tax year may be carried forward and used in the fourth
 7 succeeding tax year, and any credit not used in that fourth succeeding tax year may be carried
 8 forward and used in the fifth succeeding tax year, and any credit not used in that fifth succeeding
 9 tax year may be carried forward and used in the sixth succeeding tax year, and any credit not used
 10 in that sixth succeeding tax year may be carried forward and used in the seventh succeeding tax
 11 year, and any credit not used in that seventh succeeding tax year may be carried forward and used
 12 in the eighth succeeding tax year, and any credit not used in that eighth succeeding tax year may
 13 be carried forward and used in the ninth succeeding tax year, but may not be carried forward for
 14 any tax year thereafter.

15 (9)(a) The credit provided by this section is not in lieu of any depreciation or amortization de-
 16 duction for the agriculture workforce housing project to which the taxpayer otherwise may be en-
 17 titled under ORS chapter 316 or 317 for the year.

18 (b) The taxpayer's adjusted basis for determining gain or loss may not be further decreased by
 19 any tax credits allowed under this section.

20 (10) For a taxpayer to receive a credit under this section, the agriculture workforce housing
 21 must:

22 (a) Comply with all occupational safety or health laws, rules, regulations and standards;

23 (b) If registration is required, be registered as a farmworker camp with the Department of
 24 Consumer and Business Services under ORS 658.750;

25 (c) Upon occupancy and if an indorsement is required, be operated by a person who holds a valid
 26 indorsement as a farmworker camp operator under ORS 658.730; and

27 (d) Continue to be operated as agriculture workforce housing for a period of at least 10 years
 28 after the completion of the agriculture workforce housing project, unless a waiver has been granted
 29 under subsection (4) of this section.

30 (11)[(a)] Pursuant to the procedures for a contested case under ORS chapter 183, the **Housing**
 31 **and Community Services** Department [*of Revenue*] may order the disallowance of the credit al-
 32 lowed under this section if it finds, by order, that:

33 [(A)] (a) The credit was obtained by fraud or misrepresentation; or

34 [(B)] (b) In the event that an owner or operator claims or claimed the credit:

35 [(i)] (A) The taxpayer has failed to continue to substantially comply with the occupational safety
 36 or health laws, rules, regulations or standards;

37 [(ii)] (B) After occupancy and if registration is required, the agriculture workforce housing is
 38 not registered as a farmworker camp with the Department of Consumer and Business Services under
 39 ORS 658.750;

40 [(iii)] (C) After occupancy and if an indorsement is required, the agriculture workforce housing
 41 is not operated by a person who holds a valid indorsement as a farmworker camp operator under
 42 ORS 658.730; or

43 [(iv)] (D) The taxpayer has failed to make a showing that the housing continues to be operated
 44 as agriculture workforce housing as required under subsection (4)(a) of this section and the taxpayer
 45 has not been granted a waiver by the Housing and Community Services Department under sub-

1 section (4)(b) of this section.

2 *[(b) If the tax credit is disallowed pursuant to this subsection, notwithstanding ORS 314.410 or*
 3 *other law, all prior tax relief provided to the taxpayer shall be forfeited and the Department of Revenue*
 4 *shall proceed to collect those taxes not paid by the taxpayer as a result of the prior granting of the*
 5 *credit.]*

6 *[(c) If the tax credit is disallowed pursuant to this subsection, the taxpayer shall be denied any*
 7 *further credit provided under this section, in connection with the agriculture workforce housing project,*
 8 *as the case may be, from and after the date that the order of disallowance becomes final.]*

9 (12) In the event that the agriculture workforce housing is destroyed by fire, flood, natural dis-
 10 aster or act of God before all of the credit has been used, the taxpayer may nevertheless claim the
 11 credit as if no destruction had taken place. In the event of fire, if the fire chief of the fire protection
 12 district or unit determines that the fire was caused by arson, as defined in ORS 164.315 and 164.325,
 13 by the taxpayer or by another at the taxpayer's direction, then the fire chief shall notify the De-
 14 partment of Revenue. Upon conviction of arson, the Department of Revenue shall disallow the credit
 15 in accordance with subsection (11) of this section.

16 (13)(a) A nonresident individual shall be allowed the credit computed in the same manner and
 17 subject to the same limitations as the credit allowed a resident by this section. However, the credit
 18 shall be prorated using the proportion provided in ORS 316.117.

19 (b) If a change in the *[taxable]* tax year of a taxpayer occurs as described in ORS 314.085, or
 20 if the Department of Revenue terminates the taxpayer's *[taxable]* tax year under ORS 314.440, the
 21 credit allowed by this section shall be prorated or computed in a manner consistent with ORS
 22 314.085.

23 (c) If a change in the status of a taxpayer from resident to nonresident or from nonresident to
 24 resident occurs, the credit allowed by this section shall be determined in a manner consistent with
 25 ORS 316.117.

26 (14) The Department of Revenue may adopt rules for carrying out the provisions of this section.

27 **(15) The Housing and Community Services Department shall provide information to the**
 28 **Department of Revenue about all letters of credit approval and certifications granted under**
 29 **this section, as required by section 3 of this 2017 Act.**

30 **SECTION 10.** ORS 315.169 is amended to read:

31 315.169. (1) A taxpayer that is a contributor is allowed a credit against the taxes otherwise due
 32 under ORS chapter 316, if the taxpayer is a resident individual, or ORS chapter 317, if the taxpayer
 33 is a corporation, to the extent the owner or operator of agriculture workforce housing transferred
 34 all or a portion of the credit allowed to the owner or operator under ORS 315.164.

35 (2) An owner or operator of agriculture workforce housing may transfer all or a portion of the
 36 credit allowed to the owner or operator under ORS 315.164 to one or more contributors but the
 37 amount transferred may not total more than the total credit the owner or operator may claim. **The**
 38 **transfer must comply with section 2 of this 2017 Act.**

39 (3) To receive a credit under this section:

40 (a) The contributor must obtain a letter of credit approval from the Housing and Community
 41 Services Department under ORS 315.167; or

42 (b) If the owner or operator of agriculture workforce housing elects to transfer all or a portion
 43 of the credit allowed under ORS 315.164 after the date that a letter of credit approval has been is-
 44 sued to the owner or operator, the owner or operator and the contributor must *[jointly file a state-*
 45 *ment with the Department of Revenue stating the portion of the credit the contributor is allowed to*

1 *claim and any other information the department may require by rule*] **comply with section 2 of this**
2 **2017 Act.**

3 (4) A contributor remains eligible to receive a credit under this section even if the owner or
4 operator of the agriculture workforce housing becomes ineligible for the credit as a result of:

5 (a) Failure to file the annual certification under ORS 315.164 (6);

6 (b) Failure to continue to substantially comply with occupational safety or health laws, rules,
7 regulations or standards under ORS 315.164 (10);

8 (c) Failure to register as a farmworker camp with the Department of Consumer and Business
9 Services under ORS 658.750;

10 (d) Failure of the operator to hold a valid indorsement as a farmworker camp operator under
11 ORS 658.730; or

12 (e) Failure to comply with any other rules or provisions relating to the operation or mainte-
13 nance of the agriculture workforce housing after work on the agriculture workforce housing project
14 has been completed.

15 (5)(a) A contributor does not remain eligible to receive a credit under this section if the **Hous-**
16 **ing and Community Services** Department [*of Revenue*] finds, by order of a disallowance of credit
17 and pursuant to the procedures for a contested case under ORS chapter 183, that the contributor
18 obtained the credit by fraud or misrepresentation, including a finding that the housing did not
19 comply with all occupational safety or health laws, rules, regulations and standards applicable for
20 agriculture workforce housing at the time the housing was completed.

21 (b) If the credit is disallowed pursuant to this subsection, notwithstanding ORS 314.410 or other
22 law, all prior tax relief provided to the taxpayer shall be forfeited and the Department **of Revenue**
23 shall proceed to collect those taxes not paid by the taxpayer as a result of the prior granting of the
24 credit, **as provided in section 4 of this 2017 Act.**

25 (c) If the credit is disallowed pursuant to this subsection, the taxpayer shall be denied any fur-
26 ther credit provided under this section, in connection with the agriculture workforce housing
27 project, as the case may be, from and after the date that the order of disallowance becomes final.

28 (6)(a) The credit allowed under this section may be taken for the tax year in which the agri-
29 culture workforce housing project is completed or in any of the nine tax years succeeding the tax
30 year in which the project is completed.

31 (b) The credit allowed in any one tax year may not exceed 20 percent of the amount determined
32 under subsection (2) of this section that was transferred to the contributor claiming the credit.

33 (7) Except as provided under subsection (8) of this section, the credit allowed in any one year
34 may not exceed the tax liability of the taxpayer.

35 (8) Any tax credit otherwise allowable under this section that is not used by the taxpayer in a
36 particular tax year may be carried forward and offset against the taxpayer's tax liability for the next
37 succeeding tax year. Any credit remaining unused in [*such*] **the** next succeeding tax year may be
38 carried forward and used in the second succeeding tax year, and likewise any credit not used in that
39 second succeeding tax year may be carried forward and used in the third succeeding tax year, and
40 any credit not used in that third succeeding tax year may be carried forward and used in the fourth
41 succeeding tax year, and any credit not used in that fourth succeeding tax year may be carried
42 forward and used in the fifth succeeding tax year, and any credit not used in that fifth succeeding
43 tax year may be carried forward and used in the sixth succeeding tax year, and any credit not used
44 in that sixth succeeding tax year may be carried forward and used in the seventh succeeding tax
45 year, and any credit not used in that seventh succeeding tax year may be carried forward and used

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

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

7 (b) If a change in the [taxable] tax year of a taxpayer occurs as described in ORS 314.085, or
8 if the department terminates the taxpayer's [taxable] tax year under ORS 314.440, the credit allowed
9 by this section shall be prorated or computed in a manner consistent with ORS 314.085.

10 (c) If a change in the status of a taxpayer from resident to nonresident or from nonresident to
11 resident occurs, the credit allowed by this section shall be determined in a manner consistent with
12 ORS 316.117.

13 (10) The department may adopt rules for carrying out the provisions of this section.

14 **(11) The Housing and Community Services Department shall provide information to the**
15 **Department of Revenue about all letters of credit approval granted under ORS 315.167, as**
16 **required by section 3 of this 2017 Act.**

17 **SECTION 11.** ORS 317.097, as amended by section 23, chapter 33, Oregon Laws 2016, is
18 amended to read:

19 317.097. (1) As used in this section:

20 (a) "Annual rate" means the yearly interest rate specified on the note, and not the annual per-
21 centage rate, if any, disclosed to the applicant to comply with the federal Truth in Lending Act.

22 (b) "Finance charge" means the total of all interest, loan fees, interest on any loan fees financed
23 by the lending institution, and other charges related to the cost of obtaining credit.

24 (c) "Lending institution" means any insured institution, as that term is defined in ORS 706.008,
25 any mortgage banking company that maintains an office in this state or any community development
26 corporation that is organized under the Oregon Nonprofit Corporation Law.

27 (d) "Manufactured dwelling park" has the meaning given that term in ORS 446.003.

28 (e) "Nonprofit corporation" means a corporation that is exempt from income taxes under section
29 501(c)(3) or (4) of the Internal Revenue Code as amended and in effect on December 31, 2015.

30 (f) "Preservation project" means housing that was previously developed as affordable housing
31 with a contract for rent assistance from the United States Department of Housing and Urban De-
32 velopment or the United States Department of Agriculture and that is being acquired by a spon-
33 soring entity.

34 (g) "Qualified assignee" means any investor participating in the secondary market for real estate
35 loans.

36 (h) "Qualified borrower" means any borrower that is a sponsoring entity that has a controlling
37 interest in the real property that is financed by a qualified loan. A controlling interest includes, but
38 is not limited to, a controlling interest in the general partner of a limited partnership that owns the
39 real property.

40 (i) "Qualified loan" means:

41 (A) A loan that meets the criteria stated in subsection (5) of this section or that is made to re-
42 finance a loan that meets the criteria described in subsection (5) of this section; or

43 (B) The purchase by a lending institution of bonds, as defined in ORS 286A.001, issued on behalf
44 of the Housing and Community Services Department, the proceeds of which are used to finance or
45 refinance a loan that meets the criteria described in subsection (5) of this section.

1 (j) "Sponsoring entity" means a nonprofit corporation, nonprofit cooperative, state governmental
2 entity, local unit of government as defined in ORS 466.706, housing authority or any other person,
3 provided that the person has agreed to restrictive covenants imposed by a nonprofit corporation,
4 nonprofit cooperative, state governmental entity, local unit of government or housing authority.

5 (2) The Department of Revenue shall allow a credit against taxes otherwise due under this
6 chapter for the [taxable] tax year to a lending institution that makes a qualified loan certified by
7 the Housing and Community Services Department as provided in subsection (7) of this section. The
8 amount of the credit is equal to the difference between:

9 (a) The amount of finance charge charged by the lending institution during the [taxable] tax
10 year at an annual rate less than the market rate for a qualified loan that is made before January
11 1, 2020, that complies with the requirements of this section; and

12 (b) The amount of finance charge that would have been charged during the [taxable] tax year
13 by the lending institution for the qualified loan for housing construction, development, acquisition
14 or rehabilitation measured at the annual rate charged by the lending institution for nonsubsidized
15 loans made under like terms and conditions at the time the qualified loan for housing construction,
16 development, acquisition or rehabilitation is made.

17 (3) The maximum amount of credit for the difference between the amounts described in sub-
18 section (2)(a) and (b) of this section may not exceed four percent of the average unpaid balance of
19 the qualified loan during the tax year for which the credit is claimed.

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

28 (5) To be eligible for the tax credit allowable under this section, a lending institution must make
29 a qualified loan by either purchasing bonds, as defined in ORS 286A.001, issued on behalf of the
30 Housing and Community Services Department, the proceeds of which are used to finance or refi-
31 nance a loan that meets the criteria stated in this subsection, or by making a loan directly to:

32 (a) An individual or individuals who own a dwelling, participate in an owner-occupied commu-
33 nity rehabilitation program and are certified by the local government or its designated agent as
34 having an income level when the loan is made of less than 80 percent of the area median income;

35 (b) A qualified borrower who:

36 (A) Uses the loan proceeds to finance construction, development, acquisition or rehabilitation
37 of housing; and

38 (B) Provides a written certification executed by the Housing and Community Services Depart-
39 ment that the:

40 (i) Housing created by the loan is or will be occupied by households earning less than 80 percent
41 of the area median income; and

42 (ii) Full amount of savings from the reduced interest rate provided by the lending institution is
43 or will be passed on to the tenants in the form of reduced housing payments, regardless of other
44 subsidies provided to the housing project;

45 (c) Subject to subsection (14) of this section, a qualified borrower who:

1 (A) Uses the loan proceeds to finance construction, development, acquisition or rehabilitation
2 of housing consisting of a manufactured dwelling park; and

3 (B) Provides a written certification executed by the Housing and Community Services Depart-
4 ment that the housing will continue to be operated as a manufactured dwelling park during the pe-
5 riod for which the tax credit is allowed; or

6 (d) A qualified borrower who:

7 (A) Uses the loan proceeds to finance acquisition or rehabilitation of housing consisting of a
8 preservation project; and

9 (B) Provides a written certification executed by the Housing and Community Services Depart-
10 ment that the housing preserved by the loan:

11 (i) Is or will be occupied by households earning less than 80 percent of the area median income;
12 and

13 (ii) Is the subject of a rent assistance contract with the United States Department of Housing
14 and Urban Development or the United States Department of Agriculture that will be maintained by
15 the qualified borrower.

16 (6) A loan made to refinance a loan that meets the criteria stated in subsection (5) of this sec-
17 tion must be treated the same as a loan that meets the criteria stated in subsection (5) of this sec-
18 tion.

19 (7) For a qualified loan to be eligible for the tax credit allowable under this section, the Housing
20 and Community Services Department must execute a written certification for the qualified loan that:

21 (a) Specifies the period, not to exceed 20 years, as determined by the Housing and Community
22 Services Department, during which the tax credit is allowed for the qualified loan; and

23 (b) States that the qualified loan is within the limitation imposed by subsection (8) of this sec-
24 tion.

25 (8) The Housing and Community Services Department may certify qualified loans that are eligi-
26 ble under subsection (5) of this section if the total credits attributable to all qualified loans eligible
27 for credits under this section and then outstanding do not exceed \$17 million for any fiscal year. In
28 making loan certifications under subsection (7) of this section, the Housing and Community Services
29 Department shall attempt to distribute the tax credits statewide, but shall concentrate the tax
30 credits in those areas of the state that are determined by the Oregon Housing Stability Council to
31 have the greatest need for affordable housing.

32 (9) The tax credit provided for in this section may be taken whether or not:

33 (a) The financial institution is eligible to take a federal income tax credit under section 42 of
34 the Internal Revenue Code with respect to the project financed by the qualified loan; or

35 (b) The project receives financing from bonds, the interest on which is exempt from federal
36 taxation under section 103 of the Internal Revenue Code.

37 (10) For a qualified loan defined in subsection (1)(i)(B) of this section financed through the pur-
38 chase of bonds, the interest of which is exempt from federal taxation under section 103 of the
39 Internal Revenue Code, the amount of finance charge that would have been charged under sub-
40 section (2)(b) of this section is determined by reference to the finance charge that would have been
41 charged if the federally tax exempt bonds had been issued and the tax credit under this section did
42 not apply.

43 (11) A lending institution may sell a qualified loan for which a certification has been executed
44 to a qualified assignee whether or not the lending institution retains servicing of the qualified loan
45 so long as a designated lending institution maintains records, annually verified by a loan servicer,

1 that establish the amount of tax credit earned by the taxpayer throughout each year of eligibility.

2 (12) Notwithstanding any other provision of law, a lending institution that is a community de-
3 velopment corporation organized under the Oregon Nonprofit Corporation Law may transfer all or
4 part of a tax credit allowed under this section to one or more other lending institutions that are
5 stockholders or members of the community development corporation or that otherwise participate
6 through the community development corporation in the making of one or more qualified loans for
7 which the tax credit under this section is allowed. **The transfer must comply with section 2 of**
8 **this 2017 Act.**

9 (13) The lending institution shall file an annual statement with the Housing and Community
10 Services Department, specifying that it has conformed with all requirements imposed by law to
11 qualify for a tax credit under this section.

12 (14) Notwithstanding subsection (1)(h) and (j) of this section, a qualified borrower on a loan to
13 finance the construction, development, acquisition or rehabilitation of a manufactured dwelling park
14 under subsection (5)(c) of this section must be a nonprofit corporation, manufactured dwelling park
15 nonprofit cooperative, state governmental entity, local unit of government as defined in ORS 466.706
16 or housing authority.

17 (15) The Housing and Community Services Department and the Department of Revenue may
18 adopt rules to carry out the provisions of this section.

19 **(16) The Housing and Community Services Department shall provide information to the**
20 **Department of Revenue about all certifications executed under this section, as required by**
21 **section 3 of this 2017 Act.**

22 **SECTION 12.** ORS 317.147 is amended to read:

23 317.147. (1) As used in this section:

24 (a) "Agriculture workforce housing" has the meaning given that term in ORS 315.163.

25 (b) "Lending institution" means a bank, mortgage banking company, trust company, savings
26 bank, credit union, national banking association, federal savings and loan association, federal credit
27 union maintaining an office in this state, nonprofit community development financial institution or
28 nonprofit public benefit corporation operating as a lending institution.

29 (2)[(a)] A lending institution shall be allowed a credit against the taxes otherwise due under this
30 chapter for the tax year equal to 50 percent of the interest income earned during the tax year on
31 loans to finance only costs directly associated with construction or rehabilitation of agriculture
32 workforce housing if, at the time the loan is made, the borrower certifies, to the satisfaction of the
33 lender, that upon completion of the construction or rehabilitation and first occupation by agricul-
34 tural workers, the housing will comply with all occupational safety or health laws, rules, regulations
35 and standards applicable for agriculture workforce housing and that the housing will be occupied
36 only by agricultural workers and their immediate families.

37 [(b) A copy of the certification described under paragraph (a) of this subsection shall be submitted
38 to the Department of Revenue at the time that a credit under this section is first claimed.]

39 (3) The credit allowed under this section applies only to loans to construct or rehabilitate ag-
40 riculture workforce housing located within this state.

41 (4) This credit applies only to loans made on or after January 1, 1990.

42 (5) The credit allowed in any one year may not exceed the tax liability of the taxpayer.

43 (6) If the loan has a term of longer than 10 years, then the credit shall be allowed only for the
44 tax year of the taxpayer during which the loan is made and the nine tax years immediately follow-
45 ing.

1 (7) The credit allowed under this section does not apply to loans in which the interest rate
2 charged exceeds 13-1/2 percent per annum.

3 (8) The credit allowed under this section applies only to interest income from the loan and does
4 not apply to any other loan fees or other charges collected by the lending institution with respect
5 to the loan.

6 (9) The credit allowed under this section applies only to interest income actually collected by
7 the lending institution during the tax year.

8 (10)(a) Except as provided in paragraph (b) of this subsection, if the lending institution sells the
9 loan to another lending institution, then the credit shall pass to the assignee or transferee of the
10 loan, subject to the same conditions and limitations as set forth in this section.

11 (b) A lending institution may assign, sell or otherwise transfer the loan to another person and
12 retain the right to claim the credit granted under this section if the lending institution also retains
13 responsibility for servicing the loan.

14 (c)(A) A lending institution that is not subject to taxation under this chapter may sell or oth-
15 erwise transfer the credit allowed to the lending institution under this section to a taxpayer that
16 is subject to taxation under this chapter. **The transfer must comply with section 2 of this 2017**
17 **Act.**

18 (B) A transferee of a credit under this section shall be allowed the credit for the tax years that
19 would have been allowable to the transferor had the transfer not occurred.

20 [(C) *The Department of Revenue shall by rule establish procedures for transferring a credit under*
21 *this section.*]

22 **(11) The Housing and Community Services Department shall provide information to the**
23 **Department of Revenue about all lending institutions that are eligible for a credit allowed**
24 **under this section, as required by section 3 of this 2017 Act.**

25 **SECTION 13.** ORS 469B.106 is amended to read:

26 469B.106. (1) Subject to the limitations in section 75, chapter 730, Oregon Laws 2011, any person
27 may claim a tax credit under ORS 316.116 if the person:

28 (a) Meets the requirements of ORS 316.116;

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

30 (c) Pays, subject to subsection (9) of this section, all or a portion of the costs of an alternative
31 energy device.

32 (2) In order to be eligible for a tax credit under ORS 316.116, a person claiming a tax credit for
33 construction or installation of an alternative energy device shall have the device certified by the
34 State Department of Energy or constructed or installed by a contractor certified by the department
35 under subsection (4) of this section.

36 (3) Verification of the purchase, construction or installation of an alternative energy device
37 shall be made in writing on a form provided by the [Department of Revenue] **State Department of**
38 **Energy** and, if applicable, shall contain:

39 (a) The location of the alternative energy device;

40 (b) A description of the type of device;

41 (c) If the device was constructed or installed by a contractor, evidence that the contractor has
42 any license, bond, insurance and permit required to sell and construct or install the alternative en-
43 ergy device;

44 (d) If the device was constructed or installed by a contractor, a statement signed by the con-
45 tractor that the applicant has received:

- 1 (A) A statement of the reasonably expected energy savings of the device;
- 2 (B) A copy of consumer information published by the State Department of Energy;
- 3 (C) An operating manual for the alternative energy device; and
- 4 (D) A copy of the contractor's certification certificate or alternative energy device system cer-
- 5 tificate for the alternative energy device, as appropriate;
- 6 (e) If the device was not constructed or installed by a contractor, evidence that:
- 7 (A) The State Department of Energy has issued an alternative energy device system certificate
- 8 for the alternative energy device; and
- 9 (B) The taxpayer has obtained all building permits required for construction or installation of
- 10 the device;
- 11 (f) A statement, signed by both the taxpayer claiming the credit and the contractor if the device
- 12 was constructed or installed by a contractor, that the construction or installation meets all the re-
- 13 quirements of ORS 469B.100 to 469B.118;
- 14 (g) The date the alternative energy device was purchased by the residential property owner, or,
- 15 for a third-party alternative energy device installation, the date that the residential property owner
- 16 and the alternative energy device owner signed a contract;
- 17 (h) The date the alternative energy device was placed in service; and
- 18 (i) Any other information that the Director of the State Department of Energy [*or the Depart-*
- 19 *ment of Revenue*] determines is necessary.
- 20 (4)(a) When the State Department of Energy finds that an alternative energy device can meet
- 21 the standards adopted under ORS 469B.103, the Director of the State Department of Energy may
- 22 issue a contractor system certification to the person selling and constructing or installing the al-
- 23 ternative energy device.
- 24 (b) Any person who sells or installs more than 12 alternative energy devices in one year shall
- 25 apply for a contractor system certification. An application for a contractor system certification shall
- 26 be made in writing on a form provided by the State Department of Energy and shall contain:
- 27 (A) A statement that the contractor has any license, bonding, insurance and permit that is re-
- 28 quired for the sale and construction or installation of the alternative energy device;
- 29 (B) A specific description of the alternative energy device, including, but not limited to, the
- 30 material, equipment and mechanism used in the device, operating procedure, sizing and siting
- 31 method and construction or installation procedure;
- 32 (C) The addresses of three installations of the device that are available for inspection by the
- 33 State Department of Energy;
- 34 (D) The range of installed costs to purchasers of the device;
- 35 (E) Any important construction, installation or operating instructions; and
- 36 (F) Any other information that the State Department of Energy determines is necessary.
- 37 (c) A new application for contractor system approval shall be filed when there is a change in
- 38 the information supplied under paragraph (b) of this subsection.
- 39 (d) The State Department of Energy may issue contractor system certificates to each contractor
- 40 who on October 3, 1989, has a valid dealer system certification, which shall authorize the sale and
- 41 installation of the same domestic water heating alternative energy devices authorized by the dealer
- 42 certification.
- 43 (e) If the State Department of Energy finds that an alternative energy device can meet the
- 44 standards adopted under ORS 469B.103, the Director of the State Department of Energy may issue
- 45 an alternative energy device system certificate to the taxpayer constructing or installing or having

1 an alternative energy device constructed or installed.

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

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

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

8 (C) A statement that the taxpayer has all permits required for construction or installation of the
9 device.

10 (5) Prior to commencing installation of alternative energy devices, installers of third-party al-
11 ternative energy device installations must apply to the State Department of Energy to reserve
12 credits on behalf of owners of residential property. Installers may reserve credit for no more than
13 25 installations under this subsection in one application.

14 (6) To claim the tax credit, the verification form described in subsection (3) of this section shall
15 be [*submitted*] **retained** with the taxpayer's tax [*return*] **records** for the year the alternative energy
16 device is placed in service or the immediately succeeding tax year. A copy of the contractor's cer-
17 tification certificate or alternative energy device system certificate also shall be [*submitted*] **re-**
18 **tained**.

19 (7) The verification form and contractor's certificate or alternative energy device system certif-
20 icate described under this section shall be effective for purposes of tax relief allowed under ORS
21 316.116.

22 (8) The verification form and contractor's certificate described under this section may be
23 transferred to the first purchaser of a dwelling who intends to use the dwelling as a principal or
24 secondary residence. **The transfer must comply with section 2 of this 2017 Act.**

25 (9) Any person that pays the present value of the tax credit for an alternative energy device
26 provided under ORS 316.116 and 469B.100 to 469B.118 to the person who constructs or installs the
27 alternative energy device shall be entitled to claim the credit in the manner and subject to rules
28 adopted by the Department of Revenue to carry out the purposes of this subsection. The State De-
29 partment of Energy may establish by rule uniform discount rates to be used in calculating the
30 present value of a tax credit under this subsection.

31 **(10) The State Department of Energy shall provide information to the Department of**
32 **Revenue about all verifications and certifications issued under this section, as required by**
33 **section 3 of this 2017 Act.**

34 **SECTION 14.** ORS 469B.154 is amended to read:

35 469B.154. (1) The owner of a rental housing unit may transfer a tax credit for energy conser-
36 vation measures installed in rental housing units under ORS 469B.151 in exchange for a cash pay-
37 ment equal to the present value of the tax credit. **The transfer must comply with section 2 of**
38 **this 2017 Act.** To be eligible for a transfer, the energy conservation measures must have been re-
39 commended in an energy audit as provided in ORS 469.633, 469.651 or 469.675.

40 (2) The State Department of Energy may establish by rule uniform discount rates to be used in
41 calculating the present value of a tax credit under this section.

42 **SECTION 15.** ORS 469B.276 is amended to read:

43 469B.276. (1) The owner of a project may transfer a tax credit for the project in exchange for
44 a cash payment equal to the present value of the potential tax credit, as determined at the time of
45 the application for preliminary certification. If the tax credit is subject to recertification, only that

1 portion of the tax credit that has been recertified may be transferred. **The transfer must comply**
2 **with section 2 of this 2017 Act.**

3 (2) The State Department of Energy shall establish by rule a formula to be employed in the de-
4 termination of prices of credits transferred under this section. In establishing the formula the de-
5 partment shall incorporate inflation projections and market real rate of return.

6 (3) The department shall recalculate credit transfer prices quarterly, employing the formula es-
7 tablished under subsection (2) of this section.

8 **SECTION 16.** ORS 469B.291 is amended to read:

9 469B.291. (1) The Director of the State Department of Energy may issue a final certification for
10 an energy conservation project under this section only if:

11 (a) The project was installed or constructed under a preliminary certificate of approval issued
12 under ORS 469B.288, unless preliminary certification is waived under ORS 469B.285 (5);

13 (b) The applicant demonstrates the ability to provide the information required by ORS 469B.285
14 (2) and does not violate any condition that may be imposed as described in subsections (4) and (5)
15 of this section; and

16 (c) The project was installed or constructed in accordance with the applicable provisions of ORS
17 469B.270 to 469B.306 and any applicable rules or standards adopted by the director.

18 (2) Any person may apply to the State Department of Energy for final certification of a project:

19 (a) If the person received preliminary certification for the project under ORS 469B.288; and

20 (b) After completion of the installation or construction of the project.

21 (3) An application for final certification shall be made in writing on a form prepared by the
22 department and shall contain:

23 (a) A statement that the conditions of the preliminary certification have been complied with;

24 (b) The actual cost of the project attested to by a certified public accountant who is not an
25 employee of the applicant or, if the actual cost of the project is less than \$50,000, copies of receipts
26 for purchase and installation of the project;

27 (c) The amount of the credit under ORS 315.331 that is to be claimed;

28 (d) The number and type of jobs, directly connected to the allowance of the credit, that will be
29 created by the operation and maintenance of the project over the five-year period beginning with
30 the year of preliminary certification under ORS 469B.288;

31 (e) Information sufficient to demonstrate that the project will remain in operation for at least
32 five years, unless the director by rule specifies another period of operation;

33 (f) Documentation of compliance with applicable state and local laws and regulations and li-
34 censing and permitting requirements as defined by the director;

35 (g) Information, if applicable, pertaining to prior recommendation of the project by a qualified
36 third party selected by the director; and

37 (h) Any other information determined by the director to be necessary prior to issuance of a final
38 certificate, including inspection of the project by the department.

39 (4) As part of the final certification process, the director may require the applicant to enter into
40 a performance agreement with the department. The performance agreement may include a recertif-
41 ication requirement under ORS 469B.298 and any additional requirements that the director deter-
42 mines are appropriate to promote the purposes of ORS 315.331 and 469B.270 to 469B.306.

43 (5) After the filing of the application under this section, the director may issue the certificate
44 together with any conditions, including conditions imposed by a performance agreement, that the
45 director determines are appropriate to promote the purposes of ORS 315.331 and 469B.270 to

1 469B.306. If the applicant is an entity subject to regulation by the Public Utility Commission, the
 2 director may consult with the commission prior to issuance of the certificate. The action of the di-
 3 rector shall include certification of the actual cost of the project. However, the director may not
 4 certify an amount for tax credit purposes that is more than the amount approved in the preliminary
 5 certificate issued for the project.

6 (6) Except as otherwise provided in ORS 469B.298, if the director rejects an application for final
 7 certification, or certifies a lesser amount of credit than was claimed in the application, the director
 8 shall send to the applicant written notice of the action, together with a statement of the findings
 9 and reasons for the action, by certified mail, before the 60th day after the filing of the application.
 10 Failure of the director to act constitutes rejection of the application.

11 (7) Upon approval of an application for final certification of a project, the director shall certify
 12 the project. The final certification shall indicate the amount of projected energy savings attributable
 13 to the project and the total project cost.

14 (8) The director may establish by rule timelines and intermediate deadlines for submission of
 15 application materials.

16 **(9) The State Department of Energy shall provide information to the Department of Re-**
 17 **venue about all certifications issued under this section, as required by section 3 of this 2017**
 18 **Act.**

19 **SECTION 17.** ORS 469B.323 is amended to read:

20 469B.323. (1) The owner of a transportation project may transfer a tax credit for the project in
 21 exchange for a cash payment equal to the present value of the tax credit. **The transfer must**
 22 **comply with section 2 of this 2017 Act.**

23 (2) The State Department of Energy shall establish by rule a formula to be employed in the de-
 24 termination of prices of credits transferred under this section. In establishing the formula the de-
 25 partment shall incorporate inflation projections and market real rate of return.

26 (3) The department shall recalculate credit transfer prices quarterly, employing the formula es-
 27 tablished under subsection (2) of this section.

28 **SECTION 18.** ORS 469B.332 is amended to read:

29 469B.332. (1) A final certification for a transportation project may not be issued by the Director
 30 of the State Department of Energy under this section unless:

31 (a) The project was acquired or performed under a preliminary certificate of approval issued
 32 under ORS 469B.329;

33 (b) The applicant demonstrates the ability to provide the information required by ORS 469B.326
 34 (2) and does not violate any condition that may be imposed as described in subsection (4) of this
 35 section; and

36 (c) The project was acquired or performed in accordance with the applicable provisions of ORS
 37 469B.320 to 469B.347 and any applicable rules or standards adopted by the director.

38 (2) A person may apply to the State Department of Energy for final certification of a project:

39 (a) If the person received preliminary certification for the project under ORS 469B.329; and

40 (b) After completion of the acquisition or performance of the project.

41 (3) An application for final certification shall be made in writing on a form prepared by the
 42 department and shall contain:

43 (a) A statement that the conditions of the preliminary certification have been complied with;

44 (b)(A) The actual cost of the project attested to by a certified public accountant who is not an
 45 employee of the applicant or the applicant's completed audit in compliance with federal Office of

1 Management and Budget Circular A-133; or

2 (B) If the actual cost of the project is less than \$50,000, copies of receipts for acquisition and
3 performance of the project;

4 (c) The amount of the credit under ORS 315.336 that is to be claimed;

5 (d) The number and types of jobs, directly connected to the allowance of the credit, created by
6 the acquisition and performance of the project over the five-year period beginning on the date of
7 issuance of the preliminary certification under ORS 469B.329;

8 (e) Information sufficient to demonstrate that the project will remain in operation for at least
9 five years, unless the director by rule specifies another period of operation;

10 (f) Documentation of compliance with applicable state and local laws and regulations and li-
11 censing and permitting requirements as defined by the director; and

12 (g) Any other information determined by the director to be necessary prior to issuance of a final
13 certificate, including inspection of the project by the department.

14 (4) After the filing of the application under this section, the director may issue the certificate
15 together with any conditions that the director determines are appropriate to promote the purposes
16 of ORS 315.336 and 469B.320 to 469B.347. If the applicant is an entity subject to regulation by the
17 Public Utility Commission, the director may consult with the commission prior to issuance of the
18 certificate. The action of the director shall include certification of the actual cost of the project.
19 However, the director may not certify an amount for tax credit purposes that is more than the
20 amount of credit approved in the preliminary certificate issued for the project.

21 (5) If the director rejects an application for final certification, or certifies a lesser amount of
22 credit than was claimed in the application, the director shall send to the applicant written notice
23 of the action, together with a statement of the findings and reasons for the action, by certified mail,
24 before the 60th day after the filing of the application. Failure of the director to act constitutes re-
25 jection of the application.

26 (6) Upon approval of an application for final certification of a project, the director shall certify
27 the project. The final certification shall indicate the amount of projected energy savings attributable
28 to the project and the certified cost of the project.

29 (7) The director may establish by rule timelines and intermediate deadlines for submission of
30 application materials.

31 **(8) The State Department of Energy shall provide information to the Department of Re-**
32 **venue about all certifications issued under this section, as required by section 3 of this 2017**
33 **Act.**

34
35 **CERTIFICATION OF OTHER THAN TRANSFERABLE**
36 **TAX CREDIT PROVISIONS**
37

38 **SECTION 19.** ORS 285C.100 is amended to read:

39 285C.100. (1) Notwithstanding ORS 285C.095, a city shall be designated for electronic commerce
40 if the city:

41 (a) By resolution of the governing body of the city, declares itself a city designated for elec-
42 tronic commerce;

43 (b) As of January 1, 2002, has a population of more than 1,500 but less than 2,000;

44 (c) Is located less than 25 miles from a city with a population of more than 500,000; and

45 (d) Is located less than 10 miles from a city with a high concentration of high technology firms

1 and with a population that, as of January 1, 2002, does not exceed 85,000.

2 (2) Only one city may be designated for electronic commerce under this section, and that des-
 3 ignation shall be made without consideration of the numeric limits imposed by ORS 285C.095.

4 (3)(a) A city does not need to sponsor an enterprise zone to be designated for electronic com-
 5 merce under this section.

6 (b) The governing body of a city designated for electronic commerce under this section does not
 7 need to comply with the requirements of ORS 285C.067 or 285C.090, but the governing body must
 8 take all actions that are required of a sponsor of a rural enterprise zone under ORS 285C.050 to
 9 285C.250 with respect to business firms seeking exemption under ORS 285C.175.

10 (c) A business firm that is engaged in electronic commerce at a location inside a city designated
 11 for electronic commerce under this section and that seeks an exemption under ORS 285C.175 must
 12 take all actions required of a qualified business firm under ORS 285C.050 to 285C.250, except that
 13 the business firm does not need to be located within an enterprise zone.

14 (d) A business firm described in paragraph (c) of this subsection:

15 (A) Shall be an eligible business firm, the qualified property of which is exempt from taxation
 16 under ORS 285C.175 as if the qualified property were located in an enterprise zone under ORS
 17 285C.095; and

18 (B) May claim the tax credit under ORS 315.507.

19 (4) Designation of a city for electronic commerce under this section is not final until a positive
 20 determination in favor of the city has been made by the Oregon Business Development Department
 21 under ORS 285C.102.

22 (5) For the purpose of determining the boundaries of a city designated for electronic commerce,
 23 "city" includes:

24 (a) Territory that is annexed into the city, as of the date of the annexation;

25 (b) Land within the urban growth boundary of the city; and

26 (c) Territory that is added to the urban growth boundary described in paragraph (b) of this
 27 subsection, as of the date the urban growth boundary is extended to [*such*] **the** territory.

28 **(6) The Oregon Business Development Department shall provide information to the De-**
 29 **partment of Revenue about all business firms that are eligible for a tax credit under ORS**
 30 **315.507, as required by section 3 of this 2017 Act.**

31 **SECTION 20.** ORS 285C.650 is amended to read:

32 285C.650. (1) A qualified community development entity that seeks to have an equity investment
 33 or long-term debt security certified as a qualified equity investment and eligible for a tax credit
 34 under ORS 315.533 shall apply to the Oregon Business Development Department. The department
 35 shall establish by rule application procedures for applications for certification. The entity must
 36 submit an application on a form that the department provides that includes:

37 (a) The entity's name, address, tax identification number and evidence of the entity's certifica-
 38 tion as a qualified community development entity.

39 (b) A copy of an allocation agreement executed by the entity, or its controlling entity, and the
 40 Community Development Financial Institutions Fund that includes the State of Oregon in its service
 41 area.

42 (c) A certificate executed by an executive officer of the entity attesting that the allocation
 43 agreement remains in effect and has not been revoked or canceled by the Community Development
 44 Financial Institutions Fund.

45 (d) A description of the proposed purchase price, structure and purchaser of the equity invest-

1 ment or long-term debt security.

2 (e) The name and tax identification number of any person eligible to claim a tax credit, under
3 ORS 315.533, allowed as a result of the certification of the qualified equity investment.

4 (f) Information regarding the proposed use of proceeds from the issuance of the qualified equity
5 investment.

6 (g) A nonrefundable application fee of \$20,000. This fee shall be paid to the department and shall
7 be required for each application submitted.

8 (2) Within 15 days after receipt of a completed application containing the information necessary
9 for the department to certify a proposed equity investment, including the payment of the application
10 fee, the department shall grant or deny the application in full or in part. If the department denies
11 any part of the application, the department shall inform the qualified community development entity
12 of the grounds for the denial. If the qualified community development entity provides any additional
13 information required by the department or otherwise completes its application within 15 days after
14 the notice of denial, the application shall be considered completed as of the original date of sub-
15 mission. If the qualified community development entity fails to provide the information or complete
16 its application within the 15-day period, the application remains denied and must be resubmitted in
17 full with a new submission date.

18 (3) If the application is deemed complete, the department shall certify the proposed equity in-
19 vestment or long-term debt security as a qualified equity investment and eligible for a tax credit
20 under ORS 315.533, subject to the limitations in ORS 315.536. The department shall provide written
21 notice of the certification to the qualified community development entity. The notice shall include
22 the names of those taxpayers who are eligible to utilize the credits and their respective credit
23 amounts. If the names of the persons or entities that are eligible to utilize the credits change due
24 to a transfer of a qualified equity investment or a change in an allocation pursuant to ORS 315.536,
25 the qualified community development entity shall notify the department of the change.

26 (4)(a) Except as provided in paragraph (b) of this subsection, within 60 days after receiving no-
27 tice of certification, a qualified community development entity shall issue the qualified equity in-
28 vestment and receive cash in the amount of the certified purchase price. The qualified community
29 development entity must provide the department with evidence of the receipt of the cash investment
30 within 10 business days after receipt.

31 (b) For a qualified equity investment described in ORS 285C.653 (2), a qualified community de-
32 velopment entity shall issue the qualified equity investment during the period beginning July 1, 2012,
33 and ending 60 days after receiving notice of certification. If the qualified equity investment is issued
34 prior to the submission of an application for certification under this section, the qualified community
35 development entity must provide the department with evidence of the qualified equity investment
36 and of receipt of the cash investment at the time of application for certification.

37 (c) If a qualified community development entity does not receive the cash investment and issue
38 the qualified equity investment on or before the 60th day following receipt of the certification no-
39 tice, the certification shall lapse and the entity may not issue the qualified equity investment with-
40 out reapplying to the department for certification. A certification that lapses reverts to the
41 department and may be reissued only in accordance with the application process outlined in this
42 section.

43 (5) The department shall certify qualified equity investments in the order applications are re-
44 ceived by the department. Applications received on the same day shall be deemed to have been
45 received simultaneously. For applications received on the same day and deemed complete, the de-

1 partment shall certify, consistent with remaining tax credit capacity, qualified equity investments
 2 in proportionate percentages based upon the ratio of the amount of qualified equity investment re-
 3 quested in an application to the total amount of qualified equity investments requested in all appli-
 4 cations received on the same day. If a pending request cannot be fully certified because of the
 5 limitation in ORS 285C.653, the department shall certify the portion that may be certified unless the
 6 qualified community development entity elects to withdraw its request rather than receive partial
 7 credit.

8 (6) A qualified community development entity that is certified under this section shall pay an
 9 annual evaluation fee of \$1,000 to the department.

10 (7) The department shall establish by rule procedures to administer the provisions of this sec-
 11 tion, including the allocation of tax credits issued for qualified equity investments.

12 **(8) The Oregon Business Development Department shall provide information to the De-**
 13 **partment of Revenue about all certifications issued under this section, as required by section**
 14 **3 of this 2017 Act.**

15 **SECTION 21.** ORS 315.138 is amended to read:

16 315.138. (1) There shall be allowed a credit against tax due under ORS chapter 316, or if the
 17 taxpayer is a corporation, under ORS chapter 317, for taxpayers that install screening devices, by-
 18 pass devices or fishways, pursuant to ORS 498.306 or 509.585, and the diversion is not part of a
 19 hydroelectric project required to be licensed under the Federal Energy Regulatory Commission.
 20 Except as allowed in subsection (4) of this section, the credit shall be taken in the tax year in which
 21 the final certification is issued under subsection (10) of this section.

22 (2) The credit shall be equal to 50 percent of the taxpayer's net certified costs of installing a
 23 screening device, by-pass device or fishway. The total credit allowed [*shall*] **may** not exceed \$5,000
 24 per device installed.

25 (3) The credit allowed in any one year [*shall*] **may** not exceed the tax liability of the taxpayer.

26 (4) Any tax credit otherwise allowable under this section which is not used by the taxpayer in
 27 a particular tax year may be carried forward and offset against the taxpayer's tax liability for the
 28 next succeeding tax year. Any credit remaining unused in such next succeeding tax year may be
 29 carried forward and used in the second succeeding tax year. Any credit remaining unused in such
 30 second succeeding tax year may be carried forward and used in the third succeeding tax year. Any
 31 credit remaining unused in such third succeeding tax year may be carried forward and used in the
 32 fourth succeeding tax year. Any credit remaining unused in such fourth succeeding tax year may
 33 be carried forward and used in the fifth succeeding tax year, but may not be used in any tax year
 34 thereafter.

35 (5) The credit provided by this section shall be in addition to and not in lieu of any depreciation
 36 or amortization deduction to which the taxpayer otherwise may be entitled with respect to the in-
 37 stallation of a screening device, by-pass device or fishway. The taxpayer's adjusted basis for de-
 38 termining gain or loss [*shall*] **may** not be further decreased by any tax credits allowed under this
 39 section.

40 (6) In the case of a credit allowed under this section for purposes of ORS chapter 316:

41 (a) A nonresident shall be allowed the credit in the same manner and subject to the same limi-
 42 tations as a resident. However, the credit shall be prorated using the proportion provided in ORS
 43 316.117.

44 (b) If a change in the [*taxable*] **tax** year of a taxpayer occurs as described in ORS 314.085, or
 45 if the Department of Revenue terminates the taxpayer's [*taxable*] **tax** year under ORS 314.440, the

1 credit allowed by this section shall be prorated or computed in a manner consistent with ORS
2 314.085.

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

6 (7) To qualify for the credit the taxpayer must be issued a certificate by the State Department
7 of Fish and Wildlife.

8 (8) To obtain credit under subsection (1) of this section, any person proposing to apply for cer-
9 tification of a screening device, by-pass device or fishway, before installing the screening device,
10 by-pass device or fishway, shall file a request for preliminary certification with the State Depart-
11 ment of Fish and Wildlife. The request shall be in a form prescribed by the State Department of Fish
12 and Wildlife. The following conditions shall apply:

13 (a) Within 30 days of the receipt of a request for preliminary certification, the State Department
14 of Fish and Wildlife may require, as a condition precedent to issuance of a preliminary certificate
15 of approval, the submission of plans and specifications. After examination thereof, the State De-
16 partment of Fish and Wildlife may request corrections and revisions to the plans and specifications.
17 The State Department of Fish and Wildlife may also require any pertinent information necessary to
18 determine whether the proposed screening device, by-pass device or fishway is in accordance with
19 State Department of Fish and Wildlife requirements.

20 (b) If the State Department of Fish and Wildlife determines that the proposed screening device,
21 by-pass device or fishway is in accordance with State Department of Fish and Wildlife requirements,
22 it shall issue a preliminary certificate approving the screening device, by-pass device or fishway. If
23 the State Department of Fish and Wildlife determines that the screening device, by-pass device or
24 fishway does not comply with State Department of Fish and Wildlife requirements, the State De-
25 partment of Fish and Wildlife shall issue an order denying certification.

26 (c) If within 90 days of the receipt of plans, specifications or any subsequently requested re-
27 visions or corrections to the plans and specifications or any other information required pursuant to
28 this section, the State Department of Fish and Wildlife fails to issue a preliminary certificate of
29 approval and the State Department of Fish and Wildlife fails to issue an order denying certification,
30 the preliminary certificate shall be considered to have been issued. The capital investment must
31 comply with the plans, specifications and any corrections or revisions thereto, if any, previously
32 submitted.

33 (d) Within 30 days from the date of mailing of the order, any person against whom an order is
34 directed pursuant to paragraph (b) of this subsection may demand a hearing. The demand shall be
35 in writing, shall state the grounds for hearing and shall be mailed to the State Fish and Wildlife
36 Director. The hearing shall be conducted in accordance with the applicable provisions of ORS
37 chapter 183.

38 (9) A screening device, by-pass device or fishway that is installed by the State Department of
39 Fish and Wildlife pursuant to ORS 498.306 (8) in response to noncompliance by the person respon-
40 sible for the water diversion is not eligible for the credit provided in subsection (1) of this section.

41 (10) Upon completion and pursuant to application for final certification, final certification shall
42 be issued by the State Department of Fish and Wildlife if the screening device, by-pass device or
43 fishway was constructed and installed in accordance with State Department of Fish and Wildlife
44 requirements. Final certification shall include a statement of the costs of installation as verified by
45 the State Department of Fish and Wildlife. The credit allowed under this section shall be claimed

1 first for the tax year of the taxpayer in which final certification is issued.

2 **(11) The State Department of Fish and Wildlife shall provide information to the Depart-**
3 **ment of Revenue about all certifications issued under this section, as required by section 3**
4 **of this 2017 Act.**

5 [(11)] **(12)** Pursuant to the procedures for a contested case under ORS chapter 183, the State
6 Department of Fish and Wildlife may order the revocation of the certificate issued under this section
7 of any taxpayer, if it finds that:

8 (a) The certificate was obtained by fraud or misrepresentation; or

9 (b) The holder of the certificate fails to meet State Department of Fish and Wildlife require-
10 ments.

11 [(12)] **(13)** As soon as the order of revocation under this section has become final the State De-
12 partment of Fish and Wildlife shall notify the Department of Revenue of [such] **the order, pursuant**
13 **to section 4 of this 2017 Act.**

14 [(13)] **(14)** If the certificate of a screening device, by-pass device or fishway is ordered revoked
15 pursuant to subsection [(11)] **(12)** of this section, all prior tax relief provided to the holder of the
16 certificate by virtue of the certificate shall be forfeited and the Department of Revenue shall pro-
17 ceed to collect those taxes not paid by the certificate holder as a result of the tax relief provided
18 to the holder.

19 [(14) *If the certificate of a screening device, by-pass device or fishway is ordered revoked pursuant*
20 *to subsection (11) of this section, the certificate holder shall be denied any further relief provided under*
21 *this section in connection with the screening device, by-pass device or fishway, as the case may be, from*
22 *and after the date that the order of revocation becomes final.*]

23 (15) In the event that the screening device, by-pass device or fishway is destroyed by flood, na-
24 tural disaster or act of God before all of the credit has been used, the taxpayer may nevertheless
25 claim the credit as if no destruction had taken place.

26 (16) Screening devices, by-pass devices or fishways that are financed by funds obtained from the
27 Water Development Fund, pursuant to ORS 541.700 to 541.855, [shall not be] **are not** eligible for the
28 credit under any circumstances.

29 (17) The State Department of Fish and Wildlife shall adopt rules for carrying out the provisions
30 of this section and report to the interim committee created under ORS 171.605 to 171.640 to make
31 studies of and inquiries into state revenue matters.

32 **SECTION 22.** ORS 315.624 is amended to read:

33 315.624. (1) A resident or nonresident individual physician licensed under ORS chapter 677 who
34 is engaged in the practice of medicine qualifies for an annual credit against the taxes that are oth-
35 erwise due under ORS chapter 316 if the physician provides medical care to residents of an Oregon
36 Veterans' Home.

37 (2) The amount of the credit allowed under this section shall be equal to the lesser of:

38 (a) \$1,000 for every eight residents to whom the physician provides care at an Oregon Veterans'
39 Home; or

40 (b) \$5,000.

41 (3) The credit allowed under this section may not exceed the tax liability of the taxpayer for the
42 tax year, and a credit allowed under this section that is unused may not be carried forward to a
43 succeeding tax year.

44 (4) A nonresident shall be allowed the credit described in this section in the proportion provided
45 in ORS 316.117. If a change in the status of a taxpayer from resident to nonresident or from non-

1 resident to resident occurs, the credit allowed by this section shall be determined in a manner
2 consistent with ORS 316.117.

3 (5) In order to qualify for the tax credit allowed under this section, the physician claiming the
4 credit *[must submit with the physician's tax return]* **must obtain** a letter from the Oregon Veterans'
5 Home at which the physician provided care to residents, confirming that the physician missed no
6 more than five percent of the physician's scheduled visits with residents of the home during the tax
7 year, **and must retain the letter with the physician's tax records.**

8 (6) In the case of a shareholder of a corporation or a member of a partnership, only the care
9 provided by the individual shareholder or partner shall be considered, and the full amount of the
10 credit shall be allowed to each shareholder or partner who qualifies in an individual capacity.

11 (7) The Director of Veterans' Affairs shall assist the Department of Revenue in determining if
12 a taxpayer claiming a credit under this section qualifies for the credit **and shall provide informa-**
13 **tion as required by section 3 of this 2017 Act to the Department of Revenue about all physi-**
14 **cians to whom the Oregon Veterans' Home has issued letters as provided under subsection**
15 **(5) of this section.**

16 **SECTION 23.** ORS 329A.706 is amended to read:

17 329A.706. (1) For the purpose of implementing the program established under ORS 329A.703, the
18 Early Learning Council, in collaboration with an advisory committee established by the council and
19 the Office of Child Care, shall:

20 (a) Adopt rules.

21 (b) Identify child care goals that are consistent with the purposes provided in ORS 329A.703 (2).
22 The goals identified under this paragraph shall take into account state resources and needs.

23 (2)(a) The Office of Child Care shall issue tax credit certificates in the chronological order in
24 which the contributions are received by the office. The office shall issue tax credit certificates to
25 contributors until the total value of all certificates issued by the office for the calendar year equals
26 \$500,000. Each issued certificate shall state the value of the contribution being certified as eligible
27 for the tax credit allowed under ORS 315.213.

28 (b) The Office of Child Care may not issue a tax credit certificate to a taxpayer to the extent
29 the credit value to be certified, when added to the total credit value previously certified by the of-
30 fice under paragraph (a) of this subsection for the calendar year exceeds \$500,000.

31 (c) The Office of Child Care shall send a copy of all tax credit certificates issued under this
32 section to the Department of Revenue.

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

34 (3) A taxpayer that receives a notice of denial of a tax credit certificate or that receives a tax
35 credit certificate issued for an amount that is less than the amount contributed may request a refund
36 for the amount contributed within 90 days of the denial or issuance of the certificate by the Office
37 of Child Care. The Office of Child Care must send notice of a denial or changed amount and refund
38 the amount for which a tax credit will not be granted within 30 days after receiving the request.
39 The refund shall be made from the Child Care Fund.

40 (4) The Early Learning Council may establish by rule any other provisions required to imple-
41 ment the program established under ORS 329A.700 to 329A.718.

42 (5) **The Office of Child Care shall provide information to the Department of Revenue**
43 **about all tax credit certificates issued under subsection (2) of this section, as required by**
44 **section 3 of this 2017 Act.**

45 **SECTION 24.** ORS 348.621 is amended to read:

1 348.621. (1) An application for tax credit certification shall be filed by an employer that has
 2 obtained program certification under ORS 348.618 or that has applied for program certification and
 3 is awaiting [such] **program** certification by the Executive Director of the Office of Student Access
 4 and Completion.

5 (2) The application for tax credit certification shall be filed by the employer with the executive
 6 director. The application shall be filed at the time prescribed by the executive director, but no later
 7 than October 1 of the calendar year in which begins the tax year for which a credit under ORS
 8 315.237 will be claimed.

9 (3) The application shall be filed on a form prescribed by the executive director and shall con-
 10 tain the information required by the executive director, including the amount of scholarship moneys
 11 the employer has provided or intends to provide to employees or dependents during the calendar
 12 year for which tax credit certification is being sought and the number of employees employed by the
 13 employer for the calendar year.

14 (4) The executive director shall consider applications in the chronological order in which the
 15 applications are received and shall approve applications to the extent the amount set forth in the
 16 application, when added to the total amount already certified by the executive director for the cal-
 17 endar year under this section, does not exceed \$1 million.

18 (5) An employer may not receive tax credit certification:

19 (a) For an amount that is greater than \$1 million;

20 (b) If the employer employs fewer than four full-time equivalent employees for the calendar year;

21 or

22 (c) If the employer employs more than 250 employees for the calendar year.

23 (6) The executive director shall send written notice of the amount of the tax credit certification,
 24 or written notice that no amount is being certified, to the employer [*and to the Department of Re-*
 25 *venue*] within 60 days of the date an application is filed under this section.

26 (7) The employer shall keep the written certification in the employer's records for at least five
 27 years and shall furnish the certification to the Department of Revenue if requested.

28 **(8) The Office of Student Access and Completion shall provide information to the De-**
 29 **partment of Revenue about all tax credit certifications issued under this section, as required**
 30 **by section 3 of this 2017 Act.**

31 **SECTION 25.** ORS 442.485 is amended to read:

32 442.485. The responsibilities of the Office of Rural Health shall include but not be limited to:

33 (1) Coordinating statewide efforts for providing health care in rural areas.

34 (2) Accepting and processing applications from communities interested in developing health care
 35 delivery systems. Application forms shall be developed by the agency.

36 (3) Through the agency, applying for grants and accepting gifts and grants from other govern-
 37 mental or private sources for the research and development of rural health care programs and fa-
 38 cilities.

39 (4) Serving as a clearinghouse for information on health care delivery systems in rural areas.

40 (5) Helping local health care delivery systems develop ongoing funding sources.

41 (6) Developing enabling legislation to facilitate further development of rural health care delivery
 42 systems.

43 **(7) Providing information to the Department of Revenue about all certifications for tax**
 44 **credits allowed under ORS 315.613, 315.616, 315.619 and 315.622, as required by section 3 of this**
 45 **2017 Act.**

SECTION 26. ORS 458.690 is amended to read:

458.690. (1) Notwithstanding ORS 315.271, a fiduciary organization selected under ORS 458.695 may qualify as the recipient of account contributions that qualify the contributor for a tax credit under ORS 315.271 only if the fiduciary organization structures the accounts to have the following features:

(a) The fiduciary organization matches amounts deposited by the account holder according to a formula established by the fiduciary organization. The fiduciary organization shall maintain on deposit in the account not less than \$1 nor more than \$5 for each \$1 deposited by the account holder.

(b) The matching deposits by the fiduciary organization to the individual development account are placed in:

(A) A savings account jointly held by the account holder and the fiduciary organization and requiring the signatures of both for withdrawals;

(B) A savings account that is controlled by the fiduciary organization and is separate from the savings account of the account holder; or

(C) In the case of an account established for the purpose described in ORS 458.685 (1)(c), a savings network account for higher education under ORS 178.300 to 178.355, in which the fiduciary organization is the account owner as defined in ORS 178.300.

(2) Account holders may not accrue more than \$3,000 of matching funds under subsection (1) of this section from state-directed moneys in any 12-month period. A fiduciary organization may designate a lower amount as a limit on annual matching funds. A fiduciary organization shall maintain on deposit sufficient funds to cover the matching deposit agreements for all individual development accounts managed by the organization.

(3) The Housing and Community Services Department shall adopt rules to establish a maximum total amount of state-directed moneys that may be deposited as matching funds into an individual development account.

(4) The Housing and Community Services Department shall provide information to the Department of Revenue about all individual development account contributors that are qualified for a tax credit under ORS 315.271, as required by section 3 of this 2017 Act.

OPERATIVE DATE

SECTION 27. Section 2 of this 2017 Act becomes operative January 1, 2018.

CAPTIONS

SECTION 28. The unit captions used in this 2017 Act are provided only for the convenience of the reader and do not become part of the statutory law of this state or express any legislative intent in the enactment of this 2017 Act.

EFFECTIVE DATE

SECTION 29. This 2017 Act takes effect on the 91st day after the date on which the 2017 regular session of the Seventy-ninth Legislative Assembly adjourns sine die.