

Requested by Representative BARNHART

**PROPOSED AMENDMENTS TO
HOUSE BILL 3206**

1 On page 1 of the printed bill, line 2, after “ORS 314.752” delete the rest
2 of the line and insert “and 318.031; and prescribing an effective date.”.

3 Delete line 3.

4 Delete lines 5 through 22 and delete pages 2 through 11 and insert:

5 **“SECTION 1. Section 2 of this 2017 Act is added to and made a part**
6 **of ORS chapter 315.**

7 **“SECTION 2. (1) As used in this section, ‘qualifying county’ means**
8 **a county with a population greater than 60,000 but less than 80,000**
9 **that:**

10 **“(a) Is located entirely outside of the Portland Metropolitan Area**
11 **Regional Urban Growth Boundary and the acknowledged urban growth**
12 **boundary of cities with populations of 30,000 or more;**

13 **“(b) Has an annual economic development budget of \$500,000 or**
14 **greater;**

15 **“(c) Has an unemployment rate at least 1.5 percentage points**
16 **greater than the comparable unemployment rate for the state;**

17 **“(d) Is party to an agreement with an institute of higher education**
18 **to coordinate efforts to promote enterprise throughout the county;**

19 **“(e) Is the site of a base or installation of the Armed Forces of the**
20 **United States that employs at least 750 civilian and military personnel;**
21 **and**

1 “(f) Has access to Internet service with the minimum connection
2 speed required to effectively conduct electronic commerce.

3 “(2) A credit against taxes that are otherwise due under ORS
4 chapter 316 or, if the taxpayer is a corporation, under ORS chapter 317
5 or 318, is allowed to a taxpayer who is located in a qualifying county
6 and who establishes and implements an employee training program in
7 collaboration with a local community college operated under ORS
8 chapter 341.

9 “(3) The credit allowed under this section shall be equal to 12 per-
10 cent of the taxpayer’s expenses to establish and implement the em-
11 ployee training program described in subsection (2) of this section.

12 “(4) For each tax year for which a credit is claimed under this sec-
13 tion, the taxpayer shall maintain records sufficient to prove the
14 taxpayer’s eligibility for the credit allowed under this section. A tax-
15 payer shall maintain the records required under this subsection for at
16 least five years.

17 “(5) The credit allowed under this section may not exceed the tax
18 liability of the taxpayer for the tax year.

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

27 “(7) A nonresident taxpayer shall be allowed the credit under this
28 section. The credit shall be computed in the same manner and be
29 subject to the same limitations as the credit granted to a resident
30 taxpayer. However, the credit shall be prorated using the proportion

1 **provided in ORS 316.117.**

2 **“(8) If a change in the taxable year of the taxpayer occurs as de-**
3 **scribed in ORS 314.085, or if the Department of Revenue terminates the**
4 **taxpayer’s taxable year under ORS 314.440, the credit allowed by this**
5 **section shall be prorated or computed in a manner consistent with**
6 **ORS 314.085.**

7 **“(9) If a change in the status of a taxpayer from resident to non-**
8 **resident or from nonresident to resident occurs, the credit allowed by**
9 **this section shall be determined in a manner consistent with ORS**
10 **316.117.**

11 **“(10) Spouses in a marriage who file separate returns for a taxable**
12 **year may each claim a share of the tax credit that would have been**
13 **allowed on a joint return in proportion to the adjusted gross income**
14 **of each.**

15 **“SECTION 3. ORS 314.752 is amended to read:**

16 **“314.752. (1) Except as provided in ORS 314.740 (5)(b), the tax credits al-**
17 **lowed or allowable to a C corporation for purposes of ORS chapter 317 or**
18 **318 shall not be allowed to an S corporation. The business tax credits al-**
19 **lowed or allowable for purposes of ORS chapter 316 shall be allowed or are**
20 **allowable to the shareholders of the S corporation.**

21 **“(2) In determining the tax imposed under ORS chapter 316, as provided**
22 **under ORS 314.734, on income of the shareholder of an S corporation, there**
23 **shall be taken into account the shareholder’s pro rata share of business tax**
24 **credit (or item thereof) that would be allowed to the corporation (but for**
25 **subsection (1) of this section) or recapture or recovery thereof. The credit (or**
26 **item thereof), recapture or recovery shall be passed through to shareholders**
27 **in pro rata shares as determined in the manner prescribed under section**
28 **1377(a) of the Internal Revenue Code.**

29 **“(3) The character of any item included in a shareholder’s pro rata share**
30 **under subsection (2) of this section shall be determined as if such item were**

1 realized directly from the source from which realized by the corporation, or
2 incurred in the same manner as incurred by the corporation.

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

7 “(5) As used in this section, ‘business tax credit’ means a tax credit
8 granted to personal income taxpayers to encourage certain investment, to
9 create employment, economic opportunity or incentive or for charitable, ed-
10 ucational, scientific, literary or public purposes that is listed under this
11 subsection as a business tax credit or is designated as a business tax credit
12 by law or by the Department of Revenue by rule and includes but is not
13 limited to the following credits: ORS 285C.309 (tribal taxes on reservation
14 enterprise zones and reservation partnership zones), ORS 315.104 (forestation
15 and reforestation), ORS 315.138 (fish screening, by-pass devices, fishways),
16 ORS 315.141 (biomass production for biofuel), ORS 315.156 (crop gleaning),
17 ORS 315.164 and 315.169 (agriculture workforce housing), ORS 315.204 (de-
18 pendent care assistance), ORS 315.208 (dependent care facilities), ORS 315.213
19 (contributions for child care), ORS 315.304 (pollution control facility), ORS
20 315.326 (renewable energy development contributions), ORS 315.331 (energy
21 conservation projects), ORS 315.336 (transportation projects), ORS 315.341
22 (renewable energy resource equipment manufacturing facilities), ORS 315.354
23 and 469B.151 (energy conservation facilities), ORS 315.507 (electronic com-
24 merce) and ORS 315.533 (low income community jobs initiative) **and section**
25 **2 of this 2017 Act (employee training program with local community**
26 **college).**

27 **“SECTION 4.** ORS 318.031 is amended to read:

28 “318.031. It being the intention of the Legislative Assembly that this
29 chapter and ORS chapter 317 shall be administered as uniformly as possible
30 (allowance being made for the difference in imposition of the taxes), ORS

1 305.140 and 305.150, ORS chapter 314 and the following sections are incor-
2 porated into and made a part of this chapter: ORS 285C.309, 315.104, 315.141,
3 315.156, 315.204, 315.208, 315.213, 315.304, 315.326, 315.331, 315.336, 315.507 and
4 315.533 **and section 2 of this 2017 Act** (all only to the extent applicable to
5 a corporation) and ORS chapter 317.

6 **“SECTION 5. Section 2 of this 2017 Act and the amendments to ORS**
7 **314.752 and 318.031 by sections 3 and 4 of this 2017 Act apply to tax**
8 **years beginning on or after January 1, 2017.**

9 **“SECTION 6. This 2017 Act takes effect on the 91st day after the**
10 **date on which the 2017 regular session of the Seventy-ninth Legislative**
11 **Assembly adjourns sine die.”.**

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