

HB 4028 -1, -4, -5, -7, -10, -11 STAFF MEASURE SUMMARY

House Committee On Revenue

Prepared By: Kyle Easton, Economist

Meeting Dates: 2/5, 2/12, 2/15, 2/19, 2/21

WHAT THE MEASURE DOES:

Limits employment related expenses for which working family household and dependent care expenses may be claimed to least of: earned income taxable by Oregon and reported on taxpayer's return or lesser amount of earned income taxable by Oregon earned by each spouse if reported on joint return.

For purposes of tax credit for a producer or collector of manure used as biofuel or to produce biofuel, replaces term "bovine" with "cow". Modifies \$5 million annual credit claimed limitation to \$5 million in annual credit certifications, as issued by the State Department of Agriculture for any calendar year.

For purposes of Oregon affordable housing lender credit, lessens restrictions on types of sponsoring entities of manufactured dwelling parks for which lending institution may be allowed tax credit for qualified loans.

Amendments to the three tax credits apply to tax years beginning on or after January 1, 2019.

ISSUES DISCUSSED:

2/5/2018

- Amendments expected for affordable housing lenders credit
- Single asset entity LLC owned by nonprofit, not able to qualify for affordable housing lenders credit under current law due to restrictions on owner limitations of manufactured structures.

2/12/2018

- -1 amendment language works to address issue discussed at 2/5 hearing and meets changes to underlying statute as requested by Lane County Legal Aid and Advocacy Center
- Potential amendment for new tax credit relating to brownsfields
- Term definition coming for manure biofuel credit, "cow" to be replaced
- Regarding Working Family Household and Dependent Care Expenses (WFHDC) credit: policy and technical changes regarding nonmarried/married taxpayers and qualification for Oregon's credit
- Expected amendment to WFHDC relating to technical and policy questions discussed, input being received from Human Services and Housing Committee
- Film and video credit language amendment expected, relates to potential of unsold credits and potential of Legislature to backfill amounts if full allotment of credits are not sold at auction.

EFFECT OF AMENDMENT:

-1 For purposes of Oregon affordable housing lender credit, includes new requirement through which entities may be considered a qualified borrower on a loan to finance a manufactured dwelling park to include a nonprofit corporation or housing authority that has a controlling interest in the real property that is financed by a qualified loan.

-4 In instances where Legislative Assembly appropriates funds for deposit into the Oregon Production Investment Fund per ORS 315.516, such amount required to be reduced by the amount previously certified for the film production development contributions tax credit in the current fiscal year. Allows appropriations for upcoming fiscal year equal to total amount that would otherwise be certified for tax credits. Limits certification of credits for the corresponding fiscal year.

HB 4028 -1, -4, -5, -7, -10, -11 STAFF MEASURE SUMMARY

-5 For purposes of tax credit for a producer or collector of manure used as biofuel or to produce biofuel, replaces term "bovine" with "cattle". Specifies that cattle means: cows, heifers, bulls, steers or calves. Modifies \$5 million annual credit claimed limitation to \$5 million in annual credit certifications, as issued by the State Department of Agriculture for any calendar year.

-7 Combines into a single amendment, the -1, -4 and -5 amendments. Changes applicable to tax years beginning on or after January 1, 2018.

-10 Makes available credit against personal or corporate income/excise taxes to taxpayers that make certified weatherization and retrofit affordability contributions to the Weatherization and Retrofit Affordability Fund. Requires Department of Revenue, in cooperation with Housing and Community Services Department, to conduct auction of tax credits. Limits fiscal year certifications of tax credits to no more than \$9 million. Allows unused portion of tax credit to be carried forward up to three succeeding tax years. Applies to tax years beginning on or after January 1, 2018 and before January 1, 2022.

Established Weatherization and Retrofit Affordability Fund in the State Treasury, separate and distinct from the General Fund. Directs moneys in the fund to be continuously appropriated to the Housing and Community Services Department. After paying administrative costs, directs funds to be used for specified purposes.

-11 Replaces contents of introduced version.

Amends Working family household and dependent care tax credit. Provides monthly imputed income amount for enrolled degree-seeking students. For students with adjusted gross income as a percentage of federal poverty level less than 110 percent, calculates credit to equal product of the lesser of, qualifying individual expenses or imputed income, multiplied by school ratio multiplied by applicable credit percentage as specified. Specifies school ratio equal to 100 percent for a month when a student is full-time or 70 percent when student is part-time.

Specifies applicability of credit changes to January 1, 2018.

BACKGROUND:

Working Family Household and Dependent Care Expenses Credit

The Working Family Dependent Care tax credit was created in 2015 through the merging of two former credits, the Working Family Child Care and Dependant Care tax credits. A similar federal child and dependent care credit exists, however the federal credit is more limited than Oregon's.

Producer or Collector of Manure Credit

Enacted in 2017, House Bill 2066 moved certification responsibility for the Bovine Manure Tax credit from Oregon Department of Energy to Oregon Department of Agriculture.

Per Merriam-Webster Dictionary:

Bovine: any of a subfamily (Bovinae) of bovids including oxen, bison, buffalo and their close relatives

Cow: the mature female of cattle (genus Bos)

Affordable Housing Lender Credit

Corporations that make qualified loans at below market interest rates for eligible housing projects are allowed a tax credit equal to the difference between the finance charge on the loan and the finance charge that would have been imposed if the loan were issued at market interest rates. Eligible housing projects include construction, development, acquisition, or rehabilitation of a manufactured dwelling park, low income housing, or a preservation project. Qualified loans are those that are certified by the Oregon Housing and Community Services Department.