

## **HB 4028 A -A13, -A14, -A16, -A17 STAFF MEASURE SUMMARY**

### **Senate Committee On Finance and Revenue**

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**Prepared By:** Kyle Easton, Economist

**Meeting Dates:** 3/2

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#### **WHAT THE MEASURE DOES:**

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. Changes are applicable to fiscal years beginning on or after July 1, 2017.

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. New requirement allows a nonprofit corporation or housing authority that has a controlling interest in the real property that is financed by a qualified loan to be considered a qualified borrower.

For purposes of tax credit for a producer or collector of manure used as biofuel or to produce biofuel, clarifies that the term "bovine" refers to "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.

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.

Amendments to the three tax credits apply to tax years beginning on or after January 1, 2018.

#### **ISSUES DISCUSSED:**

##### **EFFECT OF AMENDMENT:**

-A13 For cemetery property currently exempt from property taxation, allows additional taxes that would otherwise be due at time of cemetery property no longer being used as cemetery property, to remain a potential tax liability that is not imposed. Specifies requirements in order for additional taxes to remain a potential tax liability. Requirements include land being used or held for the purpose of providing low income housing that will be exempt from property taxation per specified statutes. After land has been used to provide exempt low income housing for period of at least ten years, additional taxes end.

-A14 Makes changes to statutes governing local government permissive property tax exemption made available to qualified industrial property. Defines eligible location to include a location that has not formerly been used for industrial purposes. Clarifies definition of eligible property to include property whether appraised by the county or the Department of Revenue. Expands areas where exemption may be made available by changing definition of rural area to include an area in unincorporated territory. Clarifies definition of rural area to include area in a city with a population less than 40,000 that is located entirely outside of the urban growth boundaries of any and all cities with populations of 40,000 or more. Effective 91st day following adjournment sine die.

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-A16 Extends sunset of property tax exemption for newly constructed low income rental housing from January 1, 2020 to July 1, 2020.

-A17 Makes changes to engrossed versions changes to Working Family Household and Dependent Care Expenses Credit. Eliminates language regarding full and part time students and calculation of imputed income. Eliminates references to degree-seeking student.

### **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.