

**HB 4028 B STAFF MEASURE SUMMARY**

**Carrier:** Sen. Hass

**Senate Committee On Finance and Revenue**

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**Action Date:** 03/02/18  
**Action:** Do pass with amendments to the A-Eng bill. (Printed B-Eng.)  
**Vote:** 4-0-1-0  
**Yeas:** 4 - Boquist, Hass, Riley, Taylor  
**Exc:** 1 - Baertschiger Jr  
**Fiscal:** Has minimal fiscal impact  
**Revenue:** Revenue impact issued  
**Prepared By:** Kyle Easton, Economist

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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.

Changes working family household and dependent care tax credit. Measure limits amount of employment-related expenses to lesser amount attributable to either spouse on a combined return. Specifies that income limit refers to earned income taxable by Oregon and reportable on the taxpayer's return.

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

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.

Makes changes to statutes governing local government permissive property tax exemption made available to qualified industrial property. Clarifies 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. Clarifies areas where exemption may be made available by changing definition of rural area to include an area in unincorporated territory, or in a city with a population less than 40,000, if areas are 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.

## **HB 4028 B STAFF MEASURE SUMMARY**

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

### **ISSUES DISCUSSED:**

- Overview of the engrossed version and proposed amendments
- Definition of employment expenses for purposes of working family household and dependent care credit, definition does not interact with recent changes at federal level that concern a different portion of the internal revenue code
- Changes to film contributions tax credit
- Cemetery land in Lane County, portion of which being considered for low income housing development, concern about ten year back taxes liability
- July date change for newly constructed low income housing property tax exemption aligns sunset date with property tax year
- Changes to property tax exemption for newly constructed industrial property are clarifications to existing law.

### **EFFECT OF AMENDMENT:**

Makes changes to engrossed version's changes to Working Family Household and Dependent Care Expenses Credit.

Elimination of ten year clawback of property taxes when exempt cemetery property changes use to exempt low income housing property.

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

Makes changes to statutes governing local government permissive property tax exemption made available to qualified industrial property.

### **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.

#### **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.