

HB 2141 A STAFF MEASURE SUMMARY**Carrier:** Sen. Bentz**Senate Committee On Finance and Revenue**

Action Date: 06/10/19
Action: Do pass the A-Eng bill.
Vote: 4-0-1-0
Yeas: 4 - Bentz, Boquist, Hass, Riley
Exc: 1 - Taylor
Fiscal: No fiscal impact
Revenue: Revenue impact issued
Prepared By: Kyle Easton, Economist
Meeting Dates: 6/10

WHAT THE MEASURE DOES:

Establishes procedures and requires uniform transfer of a tax credit. Authorizes Department of Revenue to prescribe additional procedural requirements for transfer of credits. Requires credit certifying agencies to provide information about credit certification to Department of Revenue. Authorizes director of certifying agency to suspend or revoke tax credit certification in certain circumstances. Allows Department of Revenue to collect unpaid taxes in case of suspension or revocation of transferable credit. Makes series of conforming statutory changes. Applicable to tax credits that are transferred on or after January 1, 2020. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Policy was originally introduced in past sessions with current language representing multiple years of refinement
- Interaction between Department of Revenue and certifying agencies
- Intent of the measure
- In future years, intent is that new credits will adhere to uniform provisions contained in measure
- Example of how clawback language has been non-uniform in past
- No concern expressed by stakeholders regarding potential to impact value of previously certified tax credits through changes contained in measure.

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Oregon statute currently provides limited general guidance on the transferability of tax credits. The two statutes that exist are ORS 315.052 and ORS 315.053. Both of these were originally enacted in 2009. The former statute simply states that each income tax credit may be transferred only once, unless explicitly stated otherwise. The latter statute limits the transferability of six tax credits to a C-corporation, S-corporation, or personal income taxpayer.

House Bill 2141 enacts uniform procedures in how tax credits are transferred and uniform procedures in how tax credit certification information is provided to the Department of Revenue. Under current law, statutory tax credit transferability language exists in various statutes but is not necessarily written identically. Uniform credit transferability language contained in measure was based on transferability language applicable to the existing bovine manure production or collection tax credit. While many certified tax credits referenced in measure have sunset, statutes of such credits are modified by measure for the purpose of providing uniformity in certification of the tax credit. Tax credits that have sunset may still have an impact on tax revenue due to credit structure such as

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carry-forward provisions and transferability.