

Requested by HOUSE COMMITTEE ON REVENUE (at the request of State Treasurer Tobias Read)

**PROPOSED AMENDMENTS TO  
HOUSE BILL 2387**

1 On page 1 of the printed bill, line 2, after “Network;” delete the rest of  
2 the line and line 3 and insert “and prescribing an effective date.”.

3 Delete lines 5 through 28 and delete pages 2 through 6 and insert:

4 **“SECTION 1. Sections 2 and 3 of this 2019 Act are added to and**  
5 **made a part of ORS chapter 315.**

6 **“SECTION 2. (1) A credit against taxes otherwise imposed under**  
7 **ORS chapter 316 shall be allowed for amounts contributed by the tax-**  
8 **payer during the tax year to a savings network account for higher**  
9 **education established under ORS 178.300 to 178.355 or an ABLE account**  
10 **established under ORS 178.380. A taxpayer who makes contributions**  
11 **to both types of account may claim the credit for the amounts listed**  
12 **in subsection (2) of this section for each type of account.**

13 **“(2) The amount of the credit allowed under this section shall be**  
14 **limited based on the taxpayer’s adjusted gross income and shall be the**  
15 **lesser of \$300, if reported on a joint return, or \$150, if reported on any**  
16 **other type of return, or the following:**

17 **“(a) The amount contributed, if the taxpayer’s adjusted gross in-**  
18 **come does not exceed \$30,000;**

19 **“(b) 50 percent of the amount contributed, if the taxpayer’s adjusted**  
20 **gross income exceeds \$30,000 but does not exceed \$70,000;**

21 **“(c) 25 percent of the amount contributed, if the taxpayer’s adjusted**

1 **gross income exceeds \$70,000 but does not exceed \$100,000;**

2 **“(d) 10 percent of the amount contributed, if the taxpayer’s adjusted**  
3 **gross income exceeds \$100,000 but does not exceed \$250,000; or**

4 **“(e) 5 percent of the amount contributed, if the taxpayer’s adjusted**  
5 **gross income exceeds \$250,000.**

6 **“(3)(a) The Department of Revenue shall annually adjust the maxi-**  
7 **imum credit amounts allowable under this section according to the**  
8 **cost-of-living adjustment for the calendar year. The department shall**  
9 **first make this adjustment for a joint return by multiplying the maxi-**  
10 **imum credit amount in subsection (2) of this section by the percentage**  
11 **(if any) by which the monthly averaged U.S. City Average Consumer**  
12 **Price Index for the 12 consecutive months ending August 31 of the**  
13 **prior calendar year exceeds the monthly averaged U.S. City Average**  
14 **Consumer Price Index for the 12 consecutive months ending August**  
15 **31, 2018.**

16 **“(b) As used in this subsection, ‘U.S. City Average Consumer Price**  
17 **Index’ means the U.S. City Average Consumer Price Index for All Ur-**  
18 **ban Consumers (All Items) as published by the Bureau of Labor Sta-**  
19 **tistics of the United States Department of Labor.**

20 **“(c) If any adjustment to the maximum credit amount for a joint**  
21 **return, as determined under paragraph (a) of this subsection, is not a**  
22 **multiple of \$20, the adjustment shall be rounded to the next lower**  
23 **multiple of \$20. The department shall then adjust the maximum credit**  
24 **amount for all other types of returns so that it is half the maximum**  
25 **credit amount for a joint return.**

26 **“(4) A credit under this section is allowed for a preceding tax year**  
27 **for amounts contributed to a savings network account for higher ed-**  
28 **ucation or to an ABLE account if the contribution is made before the**  
29 **taxpayer files a return or before the 15th day of the fourth month**  
30 **following the closing of the taxpayer’s tax year, whichever is earlier.**

1       “(5) A credit is not allowed under this section for any amount that  
2 has been transferred into a savings network account for higher edu-  
3 cation from an individual development account, through a rollover,  
4 as provided in ORS 458.685 (4)(a)(A).

5       “(6) If the amount allowable as a credit under this section, when  
6 added to the sum of the amounts allowable as payment of tax under  
7 ORS 316.187 (withholding), ORS 316.583 (estimated tax), other tax pre-  
8 payment amounts and other refundable credit amounts, exceeds the  
9 taxes imposed by ORS chapters 314 and 316 for the tax year (reduced  
10 by any nonrefundable credits allowable for purposes of ORS chapter  
11 316 for the tax year), the amount of the excess shall be refunded to the  
12 taxpayer as provided in ORS 316.502.

13       “(7) The credit shall be claimed on a form prescribed by the De-  
14 partment of Revenue that contains the information required by the  
15 department.

16       “(8) Spouses in a marriage who file separate returns for a taxable  
17 year may each claim a share of the tax credit that would have been  
18 allowed on a joint return in proportion to the adjusted gross income  
19 of each.

20       “(9) In the case of a credit allowed under this section:

21       “(a) A nonresident shall be allowed the credit in the proportion  
22 provided in ORS 316.117.

23       “(b) If a change in the status of the taxpayer from resident to  
24 nonresident or from nonresident to resident occurs, the credit shall  
25 be determined in a manner consistent with ORS 316.117.

26       “(c) If a change in the taxable year of the taxpayer occurs as de-  
27 scribed in ORS 314.085, or if the department terminates the taxpayer’s  
28 taxable year under ORS 314.440, the credit shall be prorated or com-  
29 puted in a manner consistent with ORS 314.085.

30       “SECTION 3. (1) As provided in subsection (2) of this section, prior

1 tax relief afforded a taxpayer by virtue of the credit allowed under  
2 section 2 of this 2019 Act shall be forfeited if any of the following are  
3 taken:

4 “(a) A nonqualified withdrawal from an account, as defined in ORS  
5 178.300;

6 “(b) A withdrawal from a savings network account for higher edu-  
7 cation established under ORS 178.300 to 178.355 to pay expenses in  
8 connection with enrollment or attendance at an elementary or sec-  
9 ondary school; or

10 “(c) A distribution from an ABLE account that is not a qualified  
11 disability expense of the designated beneficiary as provided in ORS  
12 178.375 and 178.380 and rules adopted by the Oregon 529 Savings Board.

13 “(2) A taxpayer shall report the amount of a disallowed withdrawal  
14 or distribution in the tax year in which it is taken, and shall remit the  
15 taxes due as a result of the forfeited credit. The Department of Rev-  
16 enue shall by rule determine the calculation of forfeited credit  
17 amounts.

18 “(3) If a taxpayer does not report a disallowed withdrawal or dis-  
19 tribution in the tax year that it is taken, and notwithstanding ORS  
20 314.410, the department shall proceed to collect those taxes, including  
21 penalties and interest, not paid by the taxpayer as a result of the tax  
22 credit allowed the taxpayer.

23 **“SECTION 4.** Except as provided in ORS 316.699 (4), a taxpayer:

24 “(1) May use a subtraction under ORS 316.699 only for contributions  
25 made in tax years beginning before January 1, 2020; and

26 “(2) May carry forward and use a subtraction under ORS 316.699 (4)  
27 only in tax years beginning before January 1, 2025.

28 **“SECTION 5.** Sections 2 and 3 of this 2019 Act apply to tax years  
29 beginning on or after January 1, 2020, and before January 1, 2026.

30 **“SECTION 6.** This 2019 Act takes effect on the 91st day after the

1 **date on which the 2019 regular session of the Eightieth Legislative**  
2 **Assembly adjourns sine die.”**

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