

SB 1531 -4, -9 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

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Meeting Dates: 2/6, 2/7, 2/18

WHAT THE MEASURE DOES:

Requires averaging of household incomes of property occupants in determination of household income for low-income rental and nonprofit low-income rental property tax exemptions. Applies to housing for which application is filed on or after effective date of Act. Modifies period in which tax refund interest begins accruing, effective for refunds owing as of January 1, 2018. Allows tax credit for contributions to Oregon Production Investment Fund for preceding tax year, applicable to tax years 2020 through 2023. Clarifies short line railroad tax credit definition of infrastructure and corrects statute references. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

2/6/2020

- Measure is an omnibus measure containing provisions relating to various tax programs
- Scope of changes relating to single unit housing property tax exemption as proposed in measure
- Description of City of Portland's single unit housing exemption program and why the city is requesting the statutory changes
- Amendment options relating to the special use fuel license fee

2/7/2020

- Changes being requested by Department of Revenue (DOR) relating to refund interest calculation
- Process DOR to follow if refund interest calculation is not changed and larger refunds are required to be distributed to taxpayers
- Federal tax changes contained in Tax Cuts and Jobs Act (2017) limiting ability of Individual Development Account (IDA) credit to generate program funding at level consistent with prior years
- Request to sunset IDA credit and pursue direct funding instead.

EFFECT OF AMENDMENT:

-4 Specifies that expanded list of hospitals whose medical staff may qualify for the rural medical provider personal income tax credit, as modified by HB 2847 (2019), applies to tax years beginning on or after January 1, 2019 rather than January 1, 2020.

-9 Replaces content of measure.

For purposes of low-income rental property tax exemption, modifies definition of low income to at or below 80 percent of area median income for persons occupying property for every subsequent consecutive year of occupancy. Allows averaging of incomes of property occupants in determination of income for low-income rental and nonprofit low-income rental property tax exemptions if property is awarded tax credits through the federal Low-Income Housing Tax Credit Program. Applies to housing for which application is filed on or after effective date of Act. Expands environmentally sensitive logging equipment property tax exemption to include logging equipment held for specified uses, applicable to property tax years beginning on or after July 1, 2019. For single-unit housing property tax exemption, allows city to extend up to 24 months, deadline for completion of construction. Extends property tax deferral program sunset by one year. Modifies period in which tax refund interest begins accruing, effective for refunds owing as of January 1, 2018. Modifies individual development

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account donation credit sunset to January 1, 2021 and limits credit to donations made prior to January 31, 2020. Allows Oregon Film and Video Office and Higher Education Coordinating Commission to issue tax credit certifications for current or immediately preceding tax year if taxpayer has not filed associated tax return. Applies to tax years 2020 through 2023. Updates corporate excise tax statutory reference to Internal Revenue Code. Requires Oregon Department of Transportation and Oregon Transportation Commission to biennially review special use fuel license fees and recommend to interim legislative transportation committees any adjustment to fees that are deemed appropriate. Allows Department of Revenue to share information with Department of Motor Vehicles for purposes of vehicle privilege tax. Amends definition of authorized agency to allow municipal tax collection agency to request federal background checks as specified. Defines publicly owned short line railroad. Limits a short line railroad's rehabilitation credit to not more than \$700,000 per tax year. Changes overall \$4 million biennial credit cap to an annual \$2 million cap. Modifies prioritization process in instances where rehabilitation project certification exceeds overall annual cap. Clarifies short line railroad tax credit definition of infrastructure and makes conforming changes. Extends by two years, requirement of Department of Revenue to report to a committee of the Legislative Assembly on the efficacy of including global intangible low-taxed income in gross income. Measure takes effect on 91st day following adjournment sine die.

BACKGROUND:

Measure makes relatively modest changes to multiple tax provisions including property tax exemptions, income tax credits, special use fuel license fee and vehicle privilege tax. Changes to the short line railroad rehabilitation tax credit are not expected to fundamentally alter credit qualifications for individual railroads but rather represent a statutory reconfiguration expected to produce similar credit outcomes for qualified short line railroads. While the early sunset of the individual development account contribution credit is estimated to positively impact general fund revenue, administering fiduciary organization is seeking direct program funding appropriation.