

DRAFT

SUMMARY

Creates income tax credit for adding net full-time employment positions. Applies to tax years beginning on or after January 1, 2024, and before January 1, 2030.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to a tax credit for job creation; creating new provisions; amending ORS 314.772 and 318.031; and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Section 2 of this 2023 Act is added to and made a part of ORS chapter 315.

SECTION 2. (1) A credit against taxes that are otherwise due under ORS chapter 316 or, if the taxpayer is a corporation, under ORS chapter 317 or 318 is allowed to a taxpayer that is an employer and that adds net full-time employment positions, including remote employment positions, during the tax year. The credit may be claimed for any newly filled employment position that remains filled in subsequent tax years, for as many as four consecutive tax years.

(2) For the taxpayer to claim the credit allowed under this section, any added employment positions that are to be considered for eligibility must be filled by employees that:

(a)(A) Receive a wage throughout the tax year that is at least 150 percent of the minimum wage under ORS 653.025 for the location in which the employment position is filled or, if the worker is working remotely, the location in which the taxpayer is doing business; or

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (B) Meet the wage requirements of ORS 285C.160, if applicable, for
2 the location in which the taxpayer is doing business;

3 (b) Are subject to the tax imposed under ORS chapter 316; and

4 (c) Remain employed by the taxpayer for at least 12 consecutive
5 months.

6 (3) The amount of the credit allowed under this section shall equal
7 10 percent of the wages paid by the taxpayer to new employees during
8 the tax year but, for the tax year, may not exceed \$5,000 per employ-
9 ment position or \$5 million total for the taxpayer.

10 (4) Prior to claiming the credit allowed under this section, a tax-
11 payer is required to receive written certification of eligibility from the
12 Oregon Business Development Department.

13 (5) The credit allowed under this section may not exceed the tax
14 liability of the taxpayer for the tax year.

15 (6) If a change in the taxable year of the taxpayer occurs as de-
16 scribed in ORS 314.085, or if the Department of Revenue terminates the
17 taxpayer's taxable year under ORS 314.440, the credit allowed by this
18 section shall be prorated or computed in a manner consistent with
19 ORS 314.085.

20 (7) A person that has earned a tax credit under this section may
21 transfer the credit to a taxpayer subject to tax under ORS chapter 316,
22 317 or 318. The transfer must comply with ORS 315.056.

23 (8) The Director of the Oregon Business Development Department
24 may order the suspension or revocation of a certification issued under
25 this section, as provided in ORS 315.061.

26 (9) The Oregon Business Development Department shall adopt rules
27 for the purposes of this section, including policies and procedures for
28 certifying taxpayers as eligible for the credit allowed under this sec-
29 tion as provided in subsection (4) of this section.

30 SECTION 3. ORS 314.772, as amended by section 11, chapter 34, Oregon
31 Laws 2022, and section 15, chapter 115, Oregon Laws 2022, is amended to

1 read:

2 314.772. (1) Except as provided in ORS 314.766 (5)(b), the tax credits al-
3 lowed or allowable to a C corporation for purposes of ORS chapter 317 or
4 318 shall not be allowed to an S corporation. The business tax credits al-
5 lowed or allowable for purposes of ORS chapter 316 shall be allowed or are
6 allowable to the shareholders of the S corporation.

7 (2) In determining the tax imposed under ORS chapter 316, as provided
8 under ORS 314.763, on income of the shareholder of an S corporation, there
9 shall be taken into account the shareholder's pro rata share of business tax
10 credit (or item thereof) that would be allowed to the corporation (but for
11 subsection (1) of this section) or recapture or recovery thereof. The credit (or
12 item thereof), recapture or recovery shall be passed through to shareholders
13 in pro rata shares as determined in the manner prescribed under section
14 1377(a) of the Internal Revenue Code.

15 (3) The character of any item included in a shareholder's pro rata share
16 under subsection (2) of this section shall be determined as if such item were
17 realized directly from the source from which realized by the corporation, or
18 incurred in the same manner as incurred by the corporation.

19 (4) If the shareholder is a nonresident and there is a requirement appli-
20 cable for the business tax credit that in the case of a nonresident the credit
21 be allowed in the proportion provided in ORS 316.117, then that provision
22 shall apply to the nonresident shareholder.

23 (5) As used in this section, "business tax credit" means the following
24 credits: ORS 315.104 (forestation and reforestation), ORS 315.138 (fish
25 screening, by-pass devices, fishways), ORS 315.141 (biomass production for
26 biofuel), ORS 315.156 (crop gleaning), ORS 315.164 and 315.169 (agriculture
27 workforce housing), ORS 315.176 (bovine manure), ORS 315.204 (dependent
28 care assistance), ORS 315.208 (dependent care facilities), ORS 315.213 (con-
29 tributions for child care), ORS 315.237 (employee and dependent scholar-
30 ships), ORS 315.271 (individual development accounts), ORS 315.304
31 (pollution control facility), ORS 315.326 (renewable energy development con-

tributions), ORS 315.331 (energy conservation projects), ORS 315.336 (transportation projects), ORS 315.341 (renewable energy resource equipment manufacturing facilities), ORS 315.354 and 469B.151 (energy conservation facilities), ORS 315.506 (tribal taxes on reservation enterprise zones and reservation partnership zones), ORS 315.507 (electronic commerce), ORS 315.514 (film production development contributions), ORS 315.523 (employee training programs), ORS 315.533 (low income community jobs initiative), ORS 315.593 (short line railroads), ORS 315.640 (university venture development funds), ORS 315.643 (Opportunity Grant Fund contributions), ORS 315.675 (Trust for Cultural Development Account contributions), ORS 317.097 (loans for affordable housing), ORS 317.124 (long term enterprise zone facilities), ORS 317.147 (loans for agriculture workforce housing), ORS 317.152 (qualified research expenses) and ORS 317.154 (alternative qualified research expenses) and section 9, chapter 774, Oregon Laws 2013 (alternative fuel vehicle contributions), section 2, chapter 34, Oregon Laws 2022 (small forest option), and section 8, chapter 115, Oregon Laws 2022 (agricultural overtime pay), **and section 2 of this 2023 Act (new employment positions).**

SECTION 4. ORS 318.031, as amended by section 12, chapter 34, Oregon Laws 2022, and section 16, chapter 115, Oregon Laws 2022, is amended to read:

318.031. It being the intention of the Legislative Assembly that this chapter and ORS chapter 317 shall be administered as uniformly as possible (allowance being made for the difference in imposition of the taxes), ORS 305.140 and 305.150, ORS chapter 314 and the following sections are incorporated into and made a part of this chapter: ORS 315.104, 315.141, 315.156, 315.176, 315.204, 315.208, 315.213, 315.304, 315.326, 315.331, 315.336, 315.506, 315.507, 315.523, 315.533, 315.593 and 315.643 and section 2, chapter 34, Oregon Laws 2022, and section 8, chapter 115, Oregon Laws 2022, **and section 2 of this 2023 Act** (all only to the extent applicable to a corporation) and ORS chapter 317.

SECTION 5. **Section 2 of this 2023 Act applies to tax years beginning**

1 on or after January 1, 2024, and before January 1, 2030.

2 **SECTION 6.** This 2023 Act takes effect on the 91st day after the date
3 on which the 2023 regular session of the Eighty-second Legislative
4 Assembly adjourns sine die.

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