

SB 330

Tax Credit for Tenant Debt Forgiveness

Senate Committee on Housing and Development

Legislative Revenue Office – March 2nd, 2021



Tax Credit Background

- What is a tax credit?
 - Amount by which a taxpayer can reduce tax due
 - Dollar for dollar
- How do tax credits affect a taxpayer's tax liability?
 - Calc. tax liability (pre-credit) = \$100
 - Tax credit = \$40
 - Tax liability after credit = \$60
- Oregon's Review Process for Tax Credits





Tax Credit for Tenant Debt Forgiveness SB 330

Section	Description
1	<ul style="list-style-type: none">• Conforming language
2	<ul style="list-style-type: none">• Defines emergency period, landlord, nonpayment, nonpayment balance, tenant.• Imposes tax credit equal to the amount of indebtedness forgiven by the taxpayer.• Requires taxpayer to notify tenants of their intent to claim credit to forgive nonpayment balance.• Establishes requirements to claim credit including forgiveness of nonpayment balance and notice of forgiveness provided to tenant and requires that taxpayer did not do or threaten to do any of the following based on nonpayment: Deliver notice of termination of lease, initiate action to take possession of dwelling, take action to interfere with tenant possession of dwelling unit, assess late fees based on nonpayment, report a tenant's nonpayment balance to consumer credit reporting agencies• Provides a tax credit equal to 20% of the amount of debt forgiven by the taxpayer<ul style="list-style-type: none">• Credit may be used across five tax years<ul style="list-style-type: none">• "Carryforward"• Credit may not exceed tax liability during a tax year• Credit cannot be used to decrease basis• Establishes treatment of taxpayers due to change in resident status and/or tax year• Allows transfer of tax credit complying with ORS 315.056

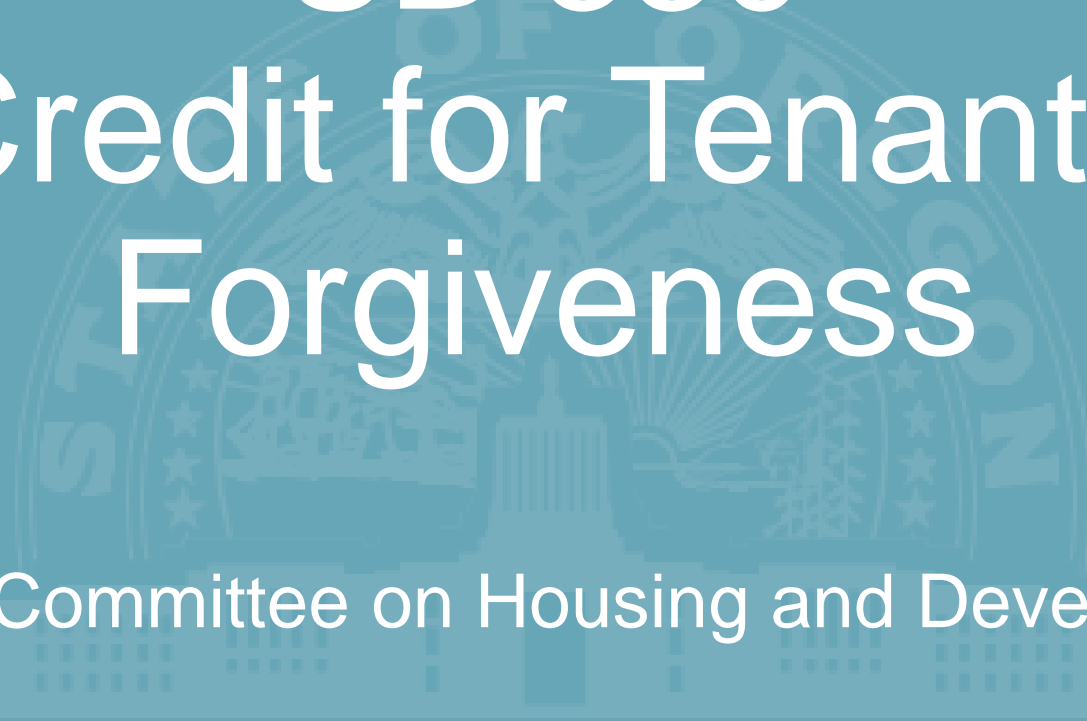




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Section	Description
3	<ul style="list-style-type: none">• Oregon subtraction for amounts forgiven within Oregon but taxed at the federal level
4	<ul style="list-style-type: none">• Adds tax credit to list of business tax credits provided in statute
5	<ul style="list-style-type: none">• Adds language to ORS Chapter
6	<ul style="list-style-type: none">• Requires that credit must first be claimed during tax years 2020, 2021• Applicable to tax years beginning on or after 2021
7	<ul style="list-style-type: none">• Effective on the 91st day following adjournment sine die





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