

## SB 330 -5 STAFF MEASURE SUMMARY

### Senate Committee On Housing and Development

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**Sub-Referral To:** Joint Committee On Tax Expenditures

**Meeting Dates:** 3/2, 4/6

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#### WHAT THE MEASURE DOES:

Creates income tax credit for landlords who forgive tenant debt related to nonpayment of rent or other charges. Subtracts amount of debt discharged from tenants' federal taxable incomes if amount included as income for federal tax purposes. Requires taxpayer to claim credit in tax year beginning on or after January 1, 2020 and before January 1, 2022.

#### ISSUES DISCUSSED:

- Interaction with federal tax law
- State revenue impacts
- Limitations on tenant debt forgiven
- Interaction with House Bill 4401 in third Joint Special Session of 2020
- Allowable uses of federal stimulus dollars
- Number of tenants with rental debt
- Tenant nonpayment impacts on small and large landlords
- Foreclosure relief
- Tenant nonpayment of rent related to COVID-19
- Rent increases

#### EFFECT OF AMENDMENT:

-5 Replaces measure. Creates income tax credit for landlords equal to amount of unpaid rent forgiven as condition of accessing Landlord Compensation Fund. Establishes certificate of eligibility from Oregon Housing and Community Services for landlords to claim credit. Requires taxpayer to claim credit in tax year beginning on or after January 1, 2021 and before January 1, 2022.

#### BACKGROUND:

During the third Joint Special Session in December of 2020, the Legislative Assembly passed House Bill 4401, which extended the moratorium on evictions for nonpayment, established a landlord compensation fund for rental assistance, and authorized Oregon Housing and Community Services Department to distribute rent assistance. For landlords to access the landlord compensation fund, they are required to forgive 20 percent of tenant back rent, a provision that generated concerns among landlords about lost income.

Senate Bill 330 creates a new income tax credit for landlords who forgive tenant debt from nonpayment of rent or other charges, such as utilities, accrued during the emergency period from April 1, 2020 to December 31, 2020. Between April 1, 2021 and October 1, 2021, a landlord attempting to claim the credit must notify each tenant of their nonpayment balance amount and the landlord's intent to forgive the balance. A landlord can claim the credit for five successive tax years, receiving 20 percent of the total amount forgiven by the landlord each year so long as the credit does not exceed the landlord's tax liability. If a landlord does not claim it, the credit can be carried forward to offset the landlord's tax liability for the following year. The measure also subtracts the amount of debt discharged from tenants' federal taxable incomes, if the amount is included as income for federal tax purposes. Landlords must claim the credit in a tax year beginning on or after January 1, 2020 and before January 1, 2022.