

**A-Engrossed**  
**House Bill 3302**

Ordered by the House June 7  
Including House Amendments dated June 7

Sponsored by Representative RESCHKE; Representative LEVY

**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Creates income or corporate excise tax credit for contributions to workforce training organizations.

Applies to tax years beginning on or after January 1, 2021, and before January 1, 2031.  
Takes effect on 91st day following adjournment sine die.

**A BILL FOR AN ACT**

1  
2 Relating to a tax credit for contributions to workforce training organizations; creating new provisions; amending ORS 314.772 and 318.031; and prescribing an effective date.

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

5 **SECTION 1. Sections 2 and 3 of this 2021 Act are added to and made a part of ORS**  
6 **chapter 315.**

7 **SECTION 2. As used in this section and section 3 of this 2021 Act:**

8 (1) **"Workforce renewal services" includes:**

9 (a) **Direct services and support intended to help individuals to obtain employment in the**  
10 **form of secure living wage sustainable jobs with career potential.**

11 (b) **Job search assistance, job search training, work experience, supported work employ-**  
12 **ment, subsidized employment, apprenticeships and internships.**

13 (c) **Employment-related barrier removal services, including assistance in obtaining social**  
14 **security cards, driver licenses and resolving legal impediments to employment.**

15 (d) **Life skills training directly related to employment, including resume development, job**  
16 **interview skills, approaching and following up with employers, workplace communication,**  
17 **workplace etiquette, workplace appearance and hygiene, enhancing organizational skills,**  
18 **employee health and wellness, career goal setting, balancing family and job responsibilities**  
19 **and personal financial management.**

20 (2) **"Workforce training organization" means a private, nonprofit organization that:**

21 (a) **Qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue**  
22 **Code;**

23 (b) **Has a mission statement that promotes work and self-sufficiency;**

24 (c) **Provides workforce renewal services directly to clients;**

25 (d) **Spends at least 50 percent of its annual budget for direct services to clients related**  
26 **to promoting work and self-sufficiency;**

27 (e) **Is classified in the National Taxonomy of Exempt Entities - Core Codes system under**

**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 one of the following codes denoting provision of employment and job-related services:

2 (A) J21 Vocational counseling, guidance and testing;

3 (B) J22 Employment training;

4 (C) J33 Sheltered remunerative employment at a work activity center, not otherwise  
5 classified; or

6 (D) J99 Employment or job related and not otherwise classified; and

7 (f) As of the date of the taxpayer's contribution for which a credit is claimed under sec-  
8 tion 3 of this 2021 Act, has been incorporated and delivering workforce renewal services for  
9 at least two years.

10 **SECTION 3.** (1) A credit against taxes that are otherwise due under ORS chapter 316 or,  
11 if the taxpayer is a corporation, under ORS chapter 317 or 318, is allowed to a taxpayer for  
12 cash contributions made during the tax year to a workforce training organization. A credit  
13 under this section is not allowed if the taxpayer designates the taxpayer's contributions to  
14 a workforce training organization for the direct benefit of any dependent of the taxpayer,  
15 or if the taxpayer designates a beneficiary as a condition of the taxpayer's contribution to  
16 the workforce training organization.

17 (2) The amount of the credit allowed under this section shall be the least of:

18 (a) The amount of contribution made by the taxpayer, less any amount of deduction  
19 claimed under section 170 of the Internal Revenue Code for the contribution;

20 (b) \$250, if the return is filed under ORS chapter 316, or \$2,500, if the return is filed under  
21 ORS chapter 317 or 318; or

22 (c) The tax liability of the taxpayer for the tax year.

23 (3) Prior to claiming the credit allowed under this section, a taxpayer is required to re-  
24 ceive written certification of eligibility from the Department of Justice.

25 (4) The credit allowed under this section may not exceed the tax liability of the taxpayer  
26 for the tax year.

27 (5) Any tax credit otherwise allowable under this section that is not used by the taxpayer  
28 in a particular tax year may be carried forward and offset against the taxpayer's tax liability  
29 for the next succeeding tax year. Any credit remaining unused in the next succeeding tax  
30 year may be carried forward and used in the second succeeding tax year, and likewise any  
31 credit not used in that second succeeding tax year may be carried forward and used in the  
32 third succeeding tax year but may not be carried forward for any tax year thereafter.

33 (6) A nonresident shall be allowed the credit under this section. The credit shall be  
34 computed in the same manner and be subject to the same limitations as the credit granted  
35 to a resident. However, the credit shall be prorated using the proportion provided in ORS  
36 316.117.

37 (7) If a change in the taxable year of the taxpayer occurs as described in ORS 314.085,  
38 or if the Department of Revenue terminates the taxpayer's taxable year under ORS 314.440,  
39 the credit allowed by this section shall be prorated or computed in a manner consistent with  
40 ORS 314.085.

41 (8) If a change in the status of a taxpayer from resident to nonresident or from nonres-  
42 ident to resident occurs, the credit allowed by this section shall be determined in a manner  
43 consistent with ORS 316.117.

44 (9) The Department of Justice shall adopt rules for the purposes of this section, including  
45 policies and procedures for certifying taxpayers as eligible for the credit allowed under this

1 **section as required in subsection (3) of this section.**

2 **SECTION 4.** ORS 314.772 is amended to read:

3 314.772. (1) Except as provided in ORS 314.766 (5)(b), the tax credits allowed or allowable to a  
4 C corporation for purposes of ORS chapter 317 or 318 shall not be allowed to an S corporation. The  
5 business tax credits allowed 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 under ORS 314.763, on  
8 income of the shareholder of an S corporation, there shall be taken into account the shareholder's  
9 pro rata share of business tax credit (or item thereof) that would be allowed to the corporation (but  
10 for subsection (1) of this section) or recapture or recovery thereof. The credit (or item thereof), re-  
11 capture or recovery shall be passed through to shareholders in pro rata shares as determined in the  
12 manner prescribed under section 1377(a) of the Internal Revenue Code.

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

16 (4) If the shareholder is a nonresident and there is a requirement applicable for the business tax  
17 credit that in the case of a nonresident the credit be allowed in the proportion provided in ORS  
18 316.117, then that provision shall apply to the nonresident shareholder.

19 (5) As used in this section, "business tax credit" means the following credits: ORS 315.104  
20 (forestation and reforestation), ORS 315.138 (fish screening, by-pass devices, fishways), ORS 315.141  
21 (biomass production for biofuel), ORS 315.156 (crop gleaning), ORS 315.164 and 315.169 (agriculture  
22 workforce housing), ORS 315.176 (bovine manure), ORS 315.204 (dependent care assistance), ORS  
23 315.208 (dependent care facilities), ORS 315.213 (contributions for child care), ORS 315.237 (employee  
24 and dependent scholarships), ORS 315.271 (individual development accounts), ORS 315.304 (pollution  
25 control facility), ORS 315.326 (renewable energy development contributions), ORS 315.331 (energy  
26 conservation projects), ORS 315.336 (transportation projects), ORS 315.341 (renewable energy re-  
27 source equipment manufacturing facilities), ORS 315.354 and 469B.151 (energy conservation facili-  
28 ties), ORS 315.506 (tribal taxes on reservation enterprise zones and reservation partnership zones),  
29 ORS 315.507 (electronic commerce), ORS 315.514 (film production development contributions), ORS  
30 315.523 (employee training programs), ORS 315.533 (low income community jobs initiative), ORS  
31 315.593 (short line railroads), ORS 315.640 (university venture development funds), ORS 315.643  
32 (Opportunity Grant Fund contributions), ORS 315.675 (Trust for Cultural Development Account  
33 contributions), ORS 317.097 (loans for affordable housing), ORS 317.124 (long term enterprise zone  
34 facilities), ORS 317.147 (loans for agriculture workforce housing), ORS 317.152 (qualified research  
35 expenses) and ORS 317.154 (alternative qualified research expenses) and section 9, chapter 774,  
36 Oregon Laws 2013 (alternative fuel vehicle contributions), **and section 3 of this 2021 Act**  
37 **(workforce training organizations).**

38 **SECTION 5.** ORS 318.031 is amended to read:

39 318.031. It being the intention of the Legislative Assembly that this chapter and ORS chapter  
40 317 shall be administered as uniformly as possible (allowance being made for the difference in im-  
41 position of the taxes), ORS 305.140 and 305.150, ORS chapter 314 and the following sections are in-  
42 corporated into and made a part of this chapter: ORS 315.104, 315.141, 315.156, 315.176, 315.204,  
43 315.208, 315.213, 315.304, 315.326, 315.331, 315.336, 315.506, 315.507, 315.523, 315.533, 315.593 and  
44 315.643 **and section 3 of this 2021 Act** (all only to the extent applicable to a corporation) and ORS  
45 chapter 317.

1        **SECTION 6.** Sections 2 and 3 of this 2021 Act apply to tax years beginning on or after  
2        **January 1, 2021, and before January 1, 2031.**

3        **SECTION 7.** This 2021 Act takes effect on the 91st day after the date on which the 2021  
4        **regular session of the Eighty-first Legislative Assembly adjourns sine die.**

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