

House Bill 3302

Sponsored by Representative RESCHKE

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 **as introduced**.

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 pro-
3 visions; amending ORS 314.772 and 318.031; and prescribing an effective date.

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; and**

27 (e) **As of the date of the taxpayer's contribution for which a credit is claimed under**
28 **section 3 of this 2021 Act, has been incorporated and delivering workforce renewal services**
29 **for at least two years.**

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

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

8 (a) The amount of contribution made by the taxpayer;

9 (b) \$500, if the return is filed under ORS chapter 316, or \$5,000, if the return is filed under
 10 ORS chapter 317 or 318; or

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

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

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

16 (5) Any tax credit otherwise allowable under this section that is not used by the taxpayer
 17 in a particular tax year may be carried forward and offset against the taxpayer's tax liability
 18 for the next succeeding tax year. Any credit remaining unused in the next succeeding tax
 19 year may be carried forward and used in the second succeeding tax year, and likewise any
 20 credit not used in that second succeeding tax year may be carried forward and used in the
 21 third succeeding tax year but may not be carried forward for any tax year thereafter.

22 (6) A nonresident shall be allowed the credit under this section. The credit shall be
 23 computed in the same manner and be subject to the same limitations as the credit granted
 24 to a resident. However, the credit shall be prorated using the proportion provided in ORS
 25 316.117.

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

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

33 (9) The Department of Revenue shall adopt rules for the purposes of this section, in-
 34 cluding policies and procedures for certifying taxpayers as eligible for the credit allowed un-
 35 der this section as required in subsection (3) of this section.

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

37 314.772. (1) Except as provided in ORS 314.766 (5)(b), the tax credits allowed or allowable to a
 38 C corporation for purposes of ORS chapter 317 or 318 shall not be allowed to an S corporation. The
 39 business tax credits allowed or allowable for purposes of ORS chapter 316 shall be allowed or are
 40 allowable to the shareholders of the S corporation.

41 (2) In determining the tax imposed under ORS chapter 316, as provided under ORS 314.763, on
 42 income of the shareholder of an S corporation, there shall be taken into account the shareholder's
 43 pro rata share of business tax credit (or item thereof) that would be allowed to the corporation (but
 44 for subsection (1) of this section) or recapture or recovery thereof. The credit (or item thereof), re-
 45 capture or recovery shall be passed through to shareholders in pro rata shares as determined in the

1 manner prescribed under section 1377(a) of the Internal Revenue Code.

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

5 (4) If the shareholder is a nonresident and there is a requirement applicable for the business tax
 6 credit that in the case of a nonresident the credit be allowed in the proportion provided in ORS
 7 316.117, then that provision shall apply to the nonresident shareholder.

8 (5) As used in this section, “business tax credit” means the following credits: ORS 315.104
 9 (forestation and reforestation), ORS 315.138 (fish screening, by-pass devices, fishways), ORS 315.141
 10 (biomass production for biofuel), ORS 315.156 (crop gleanings), ORS 315.164 and 315.169 (agriculture
 11 workforce housing), ORS 315.176 (bovine manure), ORS 315.204 (dependent care assistance), ORS
 12 315.208 (dependent care facilities), ORS 315.213 (contributions for child care), ORS 315.237 (employee
 13 and dependent scholarships), ORS 315.271 (individual development accounts), ORS 315.304 (pollution
 14 control facility), ORS 315.326 (renewable energy development contributions), ORS 315.331 (energy
 15 conservation projects), ORS 315.336 (transportation projects), ORS 315.341 (renewable energy re-
 16 source equipment manufacturing facilities), ORS 315.354 and 469B.151 (energy conservation facili-
 17 ties), ORS 315.506 (tribal taxes on reservation enterprise zones and reservation partnership zones),
 18 ORS 315.507 (electronic commerce), ORS 315.514 (film production development contributions), ORS
 19 315.523 (employee training programs), ORS 315.533 (low income community jobs initiative), ORS
 20 315.593 (short line railroads), ORS 315.640 (university venture development funds), ORS 315.643
 21 (Opportunity Grant Fund contributions), ORS 315.675 (Trust for Cultural Development Account
 22 contributions), ORS 317.097 (loans for affordable housing), ORS 317.124 (long term enterprise zone
 23 facilities), ORS 317.147 (loans for agriculture workforce housing), ORS 317.152 (qualified research
 24 expenses) and ORS 317.154 (alternative qualified research expenses) and section 9, chapter 774,
 25 Oregon Laws 2013 (alternative fuel vehicle contributions), **and section 3 of this 2021 Act**
 26 **(workforce training organizations).**

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

28 318.031. It being the intention of the Legislative Assembly that this chapter and ORS chapter
 29 317 shall be administered as uniformly as possible (allowance being made for the difference in im-
 30 position of the taxes), ORS 305.140 and 305.150, ORS chapter 314 and the following sections are in-
 31 corporated into and made a part of this chapter: ORS 315.104, 315.141, 315.156, 315.176, 315.204,
 32 315.208, 315.213, 315.304, 315.326, 315.331, 315.336, 315.506, 315.507, 315.523, 315.533, 315.593 and
 33 315.643 **and section 3 of this 2021 Act** (all only to the extent applicable to a corporation) and ORS
 34 chapter 317.

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

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

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