

**A-Engrossed**  
**Senate Bill 330**

Ordered by the Senate April 9  
Including Senate Amendments dated April 9

Sponsored by Senators JOHNSON, FINDLEY; Senators ANDERSON, GIROD, HANSELL, KENNEMER, STEINER  
HAYWARD (Pre-session filed.)

**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.

Establishes income tax credit for [*forgiveness by landlord of tenant's nonpayment of rent or other charges*] **amount of unpaid rent forgiven by landlord and certified by Housing and Community Services Department**. Subtracts from federal taxable income tenant's discharge of indebtedness income attributable to landlord's forgiveness of [*nonpayment*] **unpaid rent**.

Takes effect on 91st day following adjournment sine die.

**A BILL FOR AN ACT**

1  
2 Relating to a tax credit for the forgiveness of tenant debt; creating new provisions; amending ORS  
3 314.772, 316.680 and 318.031; and prescribing an effective date.

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

5 **SECTION 1. Section 2 of this 2021 Act is added to and made a part of ORS chapter 315.**

6 **SECTION 2. (1) A credit against taxes imposed by ORS chapter 316 or, if the taxpayer is**  
7 **a corporation, under ORS chapter 317 or 318 is allowed to a taxpayer that is a residential**  
8 **landlord for the amount of unpaid rent the taxpayer has forgiven under section 2 (1)(d),**  
9 **chapter 3, Oregon Laws 2020 (third special session).**

10 **(2)(a) Prior to claiming the credit allowed under this section, a taxpayer is required to**  
11 **receive written certification of eligibility from the Housing and Community Services De-**  
12 **partment. The amount certified by the department shall equal the portion of unpaid rent the**  
13 **taxpayer forgave under section 2 (1)(d), chapter 3, Oregon Laws 2020 (third special session),**  
14 **as a condition of receiving a distribution under section 2, chapter 3, Oregon Laws 2020 (third**  
15 **special session).**

16 **(b) The department may not issue a certificate of eligibility to a taxpayer that has not**  
17 **complied with the requirements of section 2, chapter 3, Oregon Laws 2020 (third special**  
18 **session), or the terms of the application for a distribution under section 2, chapter 3, Oregon**  
19 **Laws 2020 (third special session), submitted by the taxpayer to the department.**

20 **(c) The department may adopt rules for issuing certificates of eligibility under this sec-**  
21 **tion.**

22 **(3)(a) A taxpayer may not claim a credit under this section for the portion of unpaid rent**  
23 **for which the taxpayer received a distribution under section 2, chapter 3, Oregon Laws 2020**  
24 **(third special session).**

25 **(b) A credit allowed under this section is not a payment of unpaid rent from or on a**  
26 **tenant's behalf under section 2 (1)(e), chapter 3, Oregon Laws 2020 (third special session),**

**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 and a taxpayer that claims a credit under this section does not violate the program re-  
2 quirements for a distribution under section 2, chapter 3, Oregon Laws 2020 (third special  
3 session).

4 (4) The credit allowed under this section in each of five consecutive tax years shall be  
5 20 percent of the amount certified by the Housing and Community Services Department un-  
6 der subsection (2) of this section but may not exceed the tax liability of the taxpayer.

7 (5) Any tax credit otherwise allowable under this section that is not used by the taxpayer  
8 in a particular year may be carried forward and offset against the taxpayer's tax liability for  
9 the next succeeding tax year. Any credit remaining unused in that next succeeding tax year  
10 may be carried forward and used in the second succeeding tax year, and likewise, any credit  
11 not used in that second succeeding tax year may be carried forward and used in the third  
12 succeeding tax year, and likewise, any credit not used in that third succeeding tax year may  
13 be carried forward and used in the fourth succeeding tax year, and likewise, any credit not  
14 used in that fourth succeeding tax year may be carried forward and used in the fifth suc-  
15 ceeding tax year but may not be carried forward for any tax year thereafter.

16 (6) The taxpayer's adjusted basis for determining gain or loss may not be decreased by  
17 any tax credit allowed under this section.

18 (7) In the case of a credit allowed under this section:

19 (a) A nonresident shall be allowed the credit under this section in the proportion provided  
20 in ORS 316.117.

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

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

28 (8) The credit shall be claimed on a form prescribed by the Department of Revenue that  
29 contains the information required by the department.

30 (9) A housing authority created under ORS 456.075 or a nonprofit organization that has  
31 received a certificate of eligibility for a tax credit under this section may transfer the credit  
32 to a taxpayer subject to tax under ORS chapter 316, 317 or 318. The transfer must comply  
33 with ORS 315.056.

34 (10) The Housing and Community Services Department shall provide information to the  
35 Department of Revenue about all certificates of eligibility issued under this section, if re-  
36 quired by ORS 315.058.

37 (11) The Director of the Housing and Community Services Department may order the  
38 suspension or revocation of a certificate of eligibility issued under this section, as provided  
39 in ORS 315.061.

40 **SECTION 3.** ORS 316.680, as amended by section 131, chapter 1, Oregon Laws 2021 (Ballot  
41 Measure 109 (2020)), is amended to read:

42 316.680. (1) There shall be subtracted from federal taxable income:

43 (a) The interest or dividends on obligations of the United States and its territories and pos-  
44 sessions or of any authority, commission or instrumentality of the United States to the extent  
45 includable in gross income for federal income tax purposes but exempt from state income taxes un-

1 der the laws of the United States. However, the amount subtracted under this paragraph shall be  
2 reduced by any interest on indebtedness incurred to carry the obligations or securities described in  
3 this paragraph, and by any expenses incurred in the production of interest or dividend income de-  
4 scribed in this paragraph to the extent that such expenses, including amortizable bond premiums,  
5 are deductible in determining federal taxable income.

6 (b) The amount of any federal income taxes accrued by the taxpayer during the taxable year as  
7 described in ORS 316.685, less the amount of any refunds of federal taxes previously accrued for  
8 which a tax benefit was received.

9 (c) Amounts allowable under sections 2621(a)(2) and 2622(b) of the Internal Revenue Code to the  
10 extent that the taxpayer does not elect under section 642(g) of the Internal Revenue Code to reduce  
11 federal taxable income by those amounts.

12 (d) Any supplemental payments made to JOBS Plus Program participants under ORS 411.892.

13 (e)(A) Federal pension income that is attributable to federal employment occurring before Oc-  
14 tober 1, 1991. Federal pension income that is attributable to federal employment occurring before  
15 October 1, 1991, shall be determined by multiplying the total amount of federal pension income for  
16 the tax year by the ratio of the number of months of federal creditable service occurring before  
17 October 1, 1991, over the total number of months of federal creditable service.

18 (B) The subtraction allowed under this paragraph applies only to federal pension income re-  
19 ceived at a time when:

20 (i) Benefit increases provided under chapter 569, Oregon Laws 1995, are in effect; or

21 (ii) Public Employees Retirement System benefits received for service prior to October 1, 1991,  
22 are exempt from state income tax.

23 (C) As used in this paragraph:

24 (i) "Federal creditable service" means those periods of time for which a federal employee earned  
25 a federal pension.

26 (ii) "Federal pension" means any form of retirement allowance provided by the federal govern-  
27 ment, its agencies or its instrumentalities to retirees of the federal government or their benefici-  
28 aries.

29 (f) Any amount included in federal taxable income for the tax year that is attributable to the  
30 conversion of a regular individual retirement account into a Roth individual retirement account  
31 described in section 408A of the Internal Revenue Code, to the extent that:

32 (A) The amount was subject to the income tax of another state or the District of Columbia in  
33 a prior tax year; and

34 (B) The taxpayer was a resident of the other state or the District of Columbia for that prior tax  
35 year.

36 (g) Any amounts awarded to the taxpayer by the Public Safety Memorial Fund Board under ORS  
37 243.954 to 243.974 to the extent that the taxpayer has not taken the amount as a deduction in de-  
38 termining the taxpayer's federal taxable income for the tax year.

39 (h) If included in taxable income for federal tax purposes, the amount withdrawn during the tax  
40 year in qualified withdrawals from a savings network account for higher education established under  
41 ORS 178.300 to 178.360.

42 (i) Any federal deduction that the taxpayer would have been allowed for the production, pro-  
43 cessing or sale of marijuana items authorized under ORS 475B.010 to 475B.545 or 475B.785 to  
44 475B.949 but for section 280E of the Internal Revenue Code.

45 (j) Any federal deduction that the taxpayer would have been allowed for the manufacturing or

1 sale of psilocybin products or the provision of psilocybin services authorized under sections 3 to 129,  
2 chapter 1, Oregon Laws 2021 (Ballot Measure 109 (2020)), but for section 280E of the Internal Re-  
3 venue Code.

4 (k) If included in taxable income for federal tax purposes, any distributions from an ABLE ac-  
5 count that do not exceed the qualified disability expenses of the designated beneficiary as provided  
6 in ORS 178.375 and 178.380 and rules adopted by the Oregon 529 Savings Board.

7 **(L) If included in taxable income for federal tax purposes, any amount of a tenant's dis-**  
8 **charge of indebtedness income attributable to the forgiveness of unpaid rent under section**  
9 **2 (1)(d), chapter 3, Oregon Laws 2020 (third special session).**

10 (2) There shall be added to federal taxable income:

11 (a) Interest or dividends, exempt from federal income tax, on obligations or securities of any  
12 foreign state or of a political subdivision or authority of any foreign state. However, the amount  
13 added under this paragraph shall be reduced by any interest on indebtedness incurred to carry the  
14 obligations or securities described in this paragraph and by any expenses incurred in the production  
15 of interest or dividend income described in this paragraph.

16 (b) Interest or dividends on obligations of any authority, commission, instrumentality and terri-  
17 torial possession of the United States that by the laws of the United States are exempt from federal  
18 income tax but not from state income taxes. However, the amount added under this paragraph shall  
19 be reduced by any interest on indebtedness incurred to carry the obligations or securities described  
20 in this paragraph and by any expenses incurred in the production of interest or dividend income  
21 described in this paragraph.

22 (c) The amount of any federal estate taxes allocable to income in respect of a decedent not  
23 taxable by Oregon.

24 (d) The amount of any allowance for depletion in excess of the taxpayer's adjusted basis in the  
25 property depleted, deducted on the taxpayer's federal income tax return for the taxable year, pur-  
26 suant to sections 613, 613A, 614, 616 and 617 of the Internal Revenue Code.

27 (e) For taxable years beginning on or after January 1, 1985, the dollar amount deducted under  
28 section 151 of the Internal Revenue Code for personal exemptions for the taxable year.

29 (f) The amount taken as a deduction on the taxpayer's federal return for unused qualified busi-  
30 ness credits under section 196 of the Internal Revenue Code.

31 (g) The amount of any increased benefits paid to a taxpayer under chapter 569, Oregon Laws  
32 1995, under the provisions of chapter 796, Oregon Laws 1991, and under section 26, chapter 815,  
33 Oregon Laws 1991, that is not includable in the taxpayer's federal taxable income under the Internal  
34 Revenue Code.

35 (h) The amount of any long term care insurance premiums paid or incurred by the taxpayer  
36 during the tax year if:

37 (A) The amount is taken into account as a deduction on the taxpayer's federal return for the  
38 tax year; and

39 (B) The taxpayer claims the credit allowed under ORS 315.610 for the tax year.

40 (i) Any amount taken as a deduction under section 1341 of the Internal Revenue Code in com-  
41 puting federal taxable income for the tax year, if the taxpayer has claimed a credit for claim of right  
42 income repayment adjustment under ORS 315.068.

43 (j) If the taxpayer makes a nonqualified withdrawal, as defined in ORS 178.300, from a savings  
44 network account for higher education established under ORS 178.300 to 178.360, the amount of the  
45 withdrawal that is attributable to contributions that were subtracted from federal taxable income

1 under ORS 316.699.

2 (k) If a taxpayer makes a withdrawal from a savings network account for higher education es-  
3 tablished under ORS 178.300 to 178.360 to pay expenses in connection with enrollment or attendance  
4 at an elementary or secondary school, the amount of the withdrawal that is attributable to contri-  
5 butions that were subtracted from federal taxable income under ORS 316.699 and the amount of the  
6 withdrawal that is attributable to previously untaxed earnings and gains.

7 (L) If the taxpayer makes a distribution from an ABLE account that is not a qualified disability  
8 expense of the designated beneficiary as provided in ORS 178.375 and 178.380 and rules adopted by  
9 the Oregon 529 Savings Board, the amount of the distribution that is attributable to contributions  
10 that were subtracted from federal taxable income under ORS 316.699.

11 (3) Discount and gain or loss on retirement or disposition of obligations described under sub-  
12 section (2)(a) of this section issued on or after January 1, 1985, shall be treated for purposes of this  
13 chapter in the same manner as under sections 1271 to 1283 and other pertinent sections of the  
14 Internal Revenue Code as if the obligations, although issued by a foreign state or a political subdivi-  
15 sion of a foreign state, were not tax exempt under the Internal Revenue Code.

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

17 314.772. (1) Except as provided in ORS 314.766 (5)(b), the tax credits allowed or allowable to a  
18 C corporation for purposes of ORS chapter 317 or 318 shall not be allowed to an S corporation. The  
19 business tax credits allowed or allowable for purposes of ORS chapter 316 shall be allowed or are  
20 allowable to the shareholders of the S corporation.

21 (2) In determining the tax imposed under ORS chapter 316, as provided under ORS 314.763, on  
22 income of the shareholder of an S corporation, there shall be taken into account the shareholder's  
23 pro rata share of business tax credit (or item thereof) that would be allowed to the corporation (but  
24 for subsection (1) of this section) or recapture or recovery thereof. The credit (or item thereof), re-  
25 capture or recovery shall be passed through to shareholders in pro rata shares as determined in the  
26 manner prescribed under section 1377(a) of the Internal Revenue Code.

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

30 (4) If the shareholder is a nonresident and there is a requirement applicable for the business tax  
31 credit that in the case of a nonresident the credit be allowed in the proportion provided in ORS  
32 316.117, then that provision shall apply to the nonresident shareholder.

33 (5) As used in this section, "business tax credit" means the following credits: ORS 315.104  
34 (forestation and reforestation), ORS 315.138 (fish screening, by-pass devices, fishways), ORS 315.141  
35 (biomass production for biofuel), ORS 315.156 (crop gleaning), ORS 315.164 and 315.169 (agriculture  
36 workforce housing), ORS 315.176 (bovine manure), ORS 315.204 (dependent care assistance), ORS  
37 315.208 (dependent care facilities), ORS 315.213 (contributions for child care), ORS 315.237 (employee  
38 and dependent scholarships), ORS 315.271 (individual development accounts), ORS 315.304 (pollution  
39 control facility), ORS 315.326 (renewable energy development contributions), ORS 315.331 (energy  
40 conservation projects), ORS 315.336 (transportation projects), ORS 315.341 (renewable energy re-  
41 source equipment manufacturing facilities), ORS 315.354 and 469B.151 (energy conservation facili-  
42 ties), ORS 315.506 (tribal taxes on reservation enterprise zones and reservation partnership zones),  
43 ORS 315.507 (electronic commerce), ORS 315.514 (film production development contributions), ORS  
44 315.523 (employee training programs), ORS 315.533 (low income community jobs initiative), ORS  
45 315.593 (short line railroads), ORS 315.640 (university venture development funds), ORS 315.643

1 (Opportunity Grant Fund contributions), ORS 315.675 (Trust for Cultural Development Account  
2 contributions), ORS 317.097 (loans for affordable housing), ORS 317.124 (long term enterprise zone  
3 facilities), ORS 317.147 (loans for agriculture workforce housing), ORS 317.152 (qualified research  
4 expenses) and ORS 317.154 (alternative qualified research expenses) and section 9, chapter 774,  
5 Oregon Laws 2013 (alternative fuel vehicle contributions), **and section 2 of this 2021 Act (unpaid  
6 rent forgiveness).**

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

8 318.031. It being the intention of the Legislative Assembly that this chapter and ORS chapter  
9 317 shall be administered as uniformly as possible (allowance being made for the difference in im-  
10 position of the taxes), ORS 305.140 and 305.150, ORS chapter 314 and the following sections are in-  
11 corporated into and made a part of this chapter: ORS 315.104, 315.141, 315.156, 315.176, 315.204,  
12 315.208, 315.213, 315.304, 315.326, 315.331, 315.336, 315.506, 315.507, 315.523, 315.533, 315.593 and  
13 315.643 **and section 2 of this 2021 Act** (all only to the extent applicable to a corporation) and ORS  
14 chapter 317.

15 **SECTION 6.** (1) **Except as provided in subsection (2) of this section, section 2 of this 2021**  
16 **Act applies to tax years beginning on or after January 1, 2021, and before January 1, 2022.**

17 (2) **A taxpayer that claims a credit allowed under section 2 of this 2021 Act for a tax year**  
18 **described in subsection (1) of this section may likewise claim the credit for each of the four**  
19 **succeeding tax years.**

20 **SECTION 7.** The amendments to ORS 316.680 by section 3 of this 2021 Act apply to tax  
21 years beginning on or after January 1, 2021, and before January 1, 2022.

22 **SECTION 8.** This 2021 Act takes effect on the 91st day after the date on which the 2021  
23 regular session of the Eighty-first Legislative Assembly adjourns sine die.  
24