

SB 67 STAFF MEASURE SUMMARY

Senate Committee On Housing and Development

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Sub-Referral To: Joint Committee On Tax Expenditures

Meeting Dates: 2/20

WHAT THE MEASURE DOES:

Creates income tax credit for lost rental income due to rent nonpayment during the emergency period from April 1, 2020 through September 30, 2020 as authorized by section 3, chapter 13, Oregon Laws 2020 (1st special session). Requires claimant receive written certification of eligibility from Department of Revenue. Limits credit amount to tax liability for the tax year. Allows tax credits otherwise allowable under Act but unused to be carried forward into succeeding tax years. Prorates credit amount based on tax year and residency changes. Establishes lost rental income as defined by Act as business tax credit.

Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The COVID-19 pandemic had a variety of economic effects, impacting many renters' ability to afford housing. Executive orders from Governor Kate Brown relating to COVID-19 date back to the initial declaration of a state of emergency on March 8, 2020. That same month, Executive Order 20-11 prohibited law enforcement from delivering notices of eviction, followed shortly by moratoriums on nonpayment-based evictions in April 2020 with Executive Order 20-13 by the Governor and through House Bill 4213, passed by the Legislative Assembly in June 2020.

Oregon Laws Section 3, Chapter 13 from the first special session of 2020 contains the provisions of the eviction moratorium and declares an "emergency period" beginning April 1, 2020 and ending September 30, 2020. During the emergency period, landlords could continue delivering notices of nonpayment but could not take eviction-related action. Following the emergency period, rent payment requirements resumed, and tenants had a six-month grace period ending March 31, 2021 to pay outstanding nonpayment balances.

During its Third Special Session in December 2020, the Legislative Assembly enacted House Bill 4401, which extended the grace period for tenant nonpayment of rent and other charges, as well as the moratorium on evictions without cause, until June 30, 2021. The measure also extended the moratorium on eviction for nonpayment through June 30, 2021, for tenants who declare a financial hardship, and it established a Landlord Compensation Fund to reimburse landlords for unpaid rent. The Fund directed Oregon Housing and Community Services (OHCS) to provide grants to landlords on behalf of financially distressed tenants for 80 percent of unpaid rent between April 1, 2020, and June 30, 2021.

Senate Bill 67 creates an income tax credit for rental income not recovered following the emergency period from April 1, 2020 through September 30, 2020. The amount is prorated based on tax year and changes in a landlord's residency as determined by statute. Other available tax credits for a tax year that go unused by the taxpayer may carry forward to succeeding tax years. Lost rental income is added as a business tax credit.