

HB 2071 -3, -4, -5 STAFF MEASURE SUMMARY

Joint Committee On Tax Expenditures

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Meeting Dates: 6/7, 6/8

WHAT THE MEASURE DOES:

Requires Legislative Revenue Officer to study personal income taxation and submit report to interim revenue committee no later than September 15, 2024.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-3 Replaces content of measure. Modifies personal income tax rates, brackets, and standard deduction. Indexes to inflation. Applies to tax years beginning on or after January 1, 2024.

-4 Replaces content of measure.

Extends sunset of tax credit available to taxpayers for installing a fish screening device, bypass device, or fishway from January 1, 2024 to January 1, 2030. Extends sunset of tax credit for affordable housing lenders from January 1, 2026 to January 1, 2032. Expands affordable housing lender tax credit to eligible borrowers using loan proceeds to finance the construction, development, acquisition, or rehabilitation of limited equity cooperative housing. Defines limited equity cooperative as cooperative corporation in which the sale of ownership interests is restricted to low-income individuals and the sale price is restricted to the sum of the original sales price paid plus the cost of permanent improvements made to the unit or to the building in which the unit is located, after annually adjusting such amounts using a specified inflationary factor. Requires full amount of savings from reduced interest rate resulting from tax credit to be passed on to tenants or limited equity cooperative lease holders. Applies to tax years beginning on or after January 1, 2024. Extends sunset of agriculture workforce housing construction tax credit from January 1, 2026 to January 1, 2032. Expands Oregon income tax subtraction for military pay by allowing subtraction for military pay received by an Oregon National Guard member while in active service of the state or on state active duty. Applies to tax years beginning on or after January 1, 2021. Adjusts the sunset dates for nine income tax credits. Six credits are extended two years (Cultural Trust, political contribution, volunteer rural emergency services providers, employer-provided scholarship, contribution to 529 education and/or ABLE account, short-line railroad); three tax credits are extended four years (reservation enterprise zone, Public University Venture Development Fund contributions, Individual Development Account contributions).

-5 Replaces content of measure. Includes identical language of -4 amendment.

Creates personal and corporate income tax credit available to taxpayers selling publicly supported housing to purchaser that enters into recorded affordability restriction agreement for a period of at least 30 years. Specifies affordability restriction as extension of existing affordability restrictions of property or requiring rental rates affordable to households earning 80 percent of the area median income. Specifies credit amount equal to 2.5 percent of lesser of, sale price or property appraisal, if taxpayer owned property for at least five years. Specifies credit equal to 5 percent if taxpayer owned property for at least ten years. Allows unused credit amounts to be carried forward for three succeeding tax years. Requires taxpayer to first receive credit certification from Oregon Housing and Community Services Department (OHCS). Limits certification of credits to no more than three million per calendar year. Provides rulemaking authority to OHCS and Department of Revenue. Applies to tax years beginning on or after January 1, 2024, and before January 1, 2030.

This summary has not been adopted or officially endorsed by action of the committee.

BACKGROUND:

Measure as amended makes changes to multiple existing tax credits and is the General Fund tax expenditure omnibus measure of 2023. Many of the changes to the tax credits are sunset extensions. The sunsets of nine income tax credits are modified for purposes of reorganizing the timing of when individual tax credits will be reviewed via the Legislature's tax credit review process that occurs in each odd year legislative session. Measure expands the existing military pay income tax subtraction to allow members of the Oregon National Guard to subtract income received while in active service of the state or on state active duty. Measure creates new personal and corporate income tax credit available to taxpayers selling publicly supported housing to purchaser that enters into recorded affordability restriction agreement for a period of at least 30 years.