Senate Bill 1015

Sponsored by Senator HAYDEN

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.

Allows taxpayer to fully depreciate, over two tax years, property that shows demonstrable reduction in carbon emissions.

Applies to tax years beginning on or after January 1, 2020.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to tax treatment of carbon reducing property; and prescribing an effective date.

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

SECTION 1. Section 2 of this 2023 Act is added to and made a part of ORS chapter 316.

SECTION 2. (1) As used in this section, “carbon reducing upgrade” means property used for any of the following purposes if the use results in demonstrable reduction, compared to the carbon emissions of the same or similar process or equipment prior to use, in carbon emissions and if the associated expense could otherwise be depreciated by the taxpayer as a capital expense:

(a) The replacement of heavy-duty trucks that are older than model year 2007 with model year 2007 or newer heavy-duty trucks.

(b) The use of fully electric, renewable gas or other alternative powered vehicles of all duty grades for fleet purposes.

(c) Upgrades to manufacturing facilities.

(d) Building upgrades or remodels.

(2)(a) Carbon reducing upgrades may be fully depreciated over two tax years, beginning with the tax year in which the property is placed in service.

(b) To the extent that amounts subtracted under this section are subsequently subtracted from federal taxable income in a later tax year, these amounts shall thereafter be added to federal taxable income for Oregon tax purposes in the tax year in which the amounts would otherwise be allowed as a deduction on the taxpayer's federal income tax return.

(3) The Environmental Quality Commission shall establish by rule criteria that must be met by a taxpayer seeking to establish demonstrable reduction in carbon emissions for purposes of this section.

SECTION 3. Section 4 of this 2023 Act is added to and made a part of ORS chapter 317.

SECTION 4. (1) As used in this section, “carbon reducing upgrade” means property used for any of the following purposes if the use results in demonstrable reduction, compared to the carbon emissions of the same or similar process or equipment prior to use, in carbon emissions and if the associated expense could otherwise be depreciated by the taxpayer as a
capital expense:

(a) The replacement of heavy-duty trucks that are older than model year 2007 with model year 2007 or newer heavy-duty trucks.

(b) The use of fully electric, renewable gas or other alternative powered vehicles of all duty grades for fleet purposes.

(c) Upgrades to manufacturing facilities.

(d) Building upgrades or remodels.

(2)(a) Carbon reducing upgrades may be fully depreciated over two tax years, beginning with the tax year in which the property is placed in service.

(b) To the extent that amounts subtracted under this section are subsequently subtracted from federal taxable income in a later tax year, these amounts shall thereafter be added to federal taxable income for Oregon tax purposes in the tax year in which the amounts would otherwise be allowed as a deduction on the taxpayer's federal income tax return.

(3) The Environmental Quality Commission shall establish by rule criteria that must be met by a taxpayer seeking to establish demonstrable reduction in carbon emissions for purposes of this section.

SECTION 5. Sections 2 and 4 of this 2023 Act apply to tax years beginning on or after January 1, 2020.

SECTION 6. This 2023 Act takes effect on the 91st day after the date on which the 2023 regular session of the Eighty-second Legislative Assembly adjourns sine die.