

Requested by JOINT COMMITTEE ON TAX EXPENDITURES

**PROPOSED AMENDMENTS TO
A-ENGROSSED HOUSE BILL 3235**

1 On page 1 of the printed A-engrossed bill, line 5, delete “Section 2 of this
2 2023 Act is” and insert “Sections 2 to 5 of this 2023 Act are”.

3 Delete lines 12 through 14 and insert:

4 “(c) ‘Qualifying income limit’ means:

5 “(A) For a taxpayer other than a taxpayer described in subparagraph (B)
6 of this paragraph, adjusted gross income, as defined in section 62 of the
7 Internal Revenue Code, as modified using Oregon subtractions and additions,
8 but with losses of a taxpayer added back, to the extent that those losses
9 exceed \$20,000; or

10 “(B) For a nonresident or part-year resident, the greater of the amount
11 determined under subparagraph (A) of this paragraph, or adjusted gross in-
12 come, as defined in section 62 of the Internal Revenue Code.”.

13 In line 15, delete “resident”.

14 Delete lines 22 through 24.

15 On page 2, delete lines 1 through 15 and insert:

16 “(3) The credit under this section:

17 “(a) Shall be in an amount of \$1,000 per dependent of the taxpayer, but,
18 if the taxpayer has a qualifying income limit in excess of \$25,000, regardless
19 of the type of income tax return filed by the taxpayer, the total amount of
20 the credit shall be reduced as provided in subsection (4) of this section.

21 “(b) May not be claimed if the percentage calculated in subsection (4) of

1 this section is greater than or equal to 100 percent.

2 “(c) May not be claimed by a married taxpayer who files a separate re-
3 turn.

4 “(4) If a reduction under subsection (3) of this section is required, the
5 amount by which the credit shall be reduced is computed by multiplying the
6 amount otherwise available under subsection (3) of this section by a per-
7 centage. The percentage is computed by dividing, by 5,000, the amount by
8 which the taxpayer’s qualifying income limit exceeds \$25,000.”.

9 Delete line 17 and insert “adjust the dollar amounts of the credit and of
10 the income threshold set forth in subsections (3) and (4) of this section”.

11 In line 22, delete “2023” and insert “2022”.

12 After line 35, insert:

13 “(7) A nonresident or part-year resident shall be allowed the credit under
14 this section in the same manner and, aside from the taxpayer’s applicable
15 qualifying income limit, subject to the same limitations as a resident. How-
16 ever, the credit shall be prorated using the proportion provided in ORS
17 316.117.”.

18 In line 36, delete “(7)” and insert “(8)”.

19 In line 40, delete “(8)” and insert “(9)”.

20 In line 43, delete “(9)” and insert “(10)”.

21 After line 44, insert:

22 **“SECTION 3. (1) The Department of Revenue shall establish by rule**
23 **a program for making quarterly payments to taxpayers that, in the**
24 **aggregate during any calendar year, equal the annual advance amount**
25 **determined under subsection (2) of this section with respect to a tax-**
26 **payer for the calendar year. Except as provided in subsection (2)(c)(B)**
27 **of this section, the periodic payments made to any taxpayer for any**
28 **calendar year shall be in equal amounts. Quarterly payments under**
29 **this section may be made only to taxpayers confirmed by the depart-**
30 **ment to be Oregon residents.**

1 “(2)(a) Except as otherwise provided in this subsection, the annual
2 advance amount applicable to a taxpayer for any calendar year shall
3 be calculated as 50 percent of the amount that would be allowed under
4 section 2 of this 2023 Act for the tax year beginning in that calendar
5 year assuming the following conditions:

6 “(A) The status of the taxpayer as eligible for the credit allowed
7 under section 2 of this 2023 Act is determined with respect to the ref-
8 erence tax year;

9 “(B) The taxpayer’s modified adjusted gross income for the tax year
10 is equal to the taxpayer’s modified adjusted gross income for the ref-
11 erence tax year;

12 “(C) The only children of the taxpayer for the tax year are qualify-
13 ing children properly claimed on the taxpayer’s tax return for the
14 reference tax year; and

15 “(D) The ages of the taxpayer’s children and the status of the chil-
16 dren as qualifying children are determined for the tax year by taking
17 into account the passage of time since the reference tax year.

18 “(b) Except as provided in paragraph (c)(A) of this subsection, the
19 taxpayer’s reference tax year shall be determined, with respect to any
20 taxpayer for any calendar year, the taxpayer’s tax year beginning in
21 the preceding calendar year or, in the case of taxpayer who did not file
22 a tax return for the tax year, the taxpayer’s tax year beginning in the
23 second preceding calendar year.

24 “(c)(A) The department may modify, during any calendar year, the
25 annual advance amount with respect to any taxpayer for the calendar
26 year to take into account:

27 “(i) A tax return filed by the taxpayer during the calendar year and
28 the tax year to which the return relates may be taken into account
29 as the reference tax year; and

30 “(ii) Any other information provided by the taxpayer to the de-

1 partment or otherwise available to the department that allows the
2 department to determine payments under paragraph (a) of this sub-
3 section that, in the aggregate during any tax year of the taxpayer,
4 more closely total the department's estimate of the amount treated
5 as allowed under section 2 of this 2023 Act for the tax year of the
6 taxpayer.

7 “(B) In the case of any modification of the annual advance amount
8 under subparagraph (A) of this paragraph, the department may adjust
9 the amount of any periodic payment made after the date of the mod-
10 ification to properly take into account the amount by which any pe-
11 riodic payment made before the date was greater than or less than the
12 amount that the payment would have been on the basis of the annual
13 advance amount as so modified.

14 “(d) If information contained in the taxpayer's tax return for the
15 reference tax year does not establish the eligibility status of the tax-
16 payer under section 2 of this 2023 Act, the department shall, for pur-
17 poses of paragraph (a)(A) of this subsection, determine the status
18 based on information known to the department.

19 “(e) A child shall not be taken into account in determining the an-
20 nual advance amount under paragraph (a) of this subsection if the
21 death of the child is known to the department as of the beginning of
22 the calendar year for which the estimate under paragraph (a) of this
23 subsection is made.

24 “(3) The department shall establish a system that allows taxpayers
25 to:

26 “(a) Elect not to receive payments under this section; and

27 “(b) Provide information to the department which would be relevant
28 to a modification under subsection (2)(c)(A) of this section of the an-
29 nual advance amount, including information regarding:

30 “(A) A change in the number of the taxpayer's qualifying children,

1 including by reason of the birth of a child;

2 “(B) A change in the taxpayer’s marital status;

3 “(C) A significant change in the taxpayer’s income; and

4 “(D) Any other factor which the department may consider.

5 “(4) Not later than January 31 of the calendar year following any
6 calendar year during which the department makes one or more pay-
7 ments to any taxpayer under this section, the department shall pro-
8 vide the taxpayer with a written notice of the aggregate amount of the
9 payments made under this section to the taxpayer during the calendar
10 year, and other information as the department determines appropri-
11 ate.

12 “(5) A quarterly payment under this section may not be made if the
13 amount of the quarterly payment is calculated to be less than \$25.

14 “SECTION 3a. (1) The Department of Revenue, in reviewing the
15 personal income tax returns of all individuals who have received pay-
16 ments under section 3 of this 2023 Act, shall:

17 “(a) Confirm that, for the tax year during which payments began
18 as provided under section 4 of this 2023 Act, the taxpayer has claimed
19 a credit under section 2 of this 2023 Act;

20 “(b) Reconcile the amounts claimed under section 2 of this 2023 Act
21 against the amounts disbursed under section 3 of this 2023 Act and
22 against the taxpayer’s underlying tax liability, if imposed; and

23 “(c) Determine whether there is a difference in amounts claimed
24 versus amounts disbursed and assess a deficiency against the taxpayer
25 or provide a refund.

26 “(2) If a taxpayer who has received any advance payments estab-
27 lished under section 3 of this 2023 Act does not claim a credit under
28 section 2 of this 2023 Act, or does not provide sufficient substantiation
29 of eligibility for the claimed amount, the Department of Revenue shall
30 notify the taxpayer of any overpayment attributable to the installment

1 payments made under section 3 of this 2023 Act.

2 “(3) The Department of Revenue shall discontinue payments under
3 section 3 of this 2023 Act if the department discovers that the tax-
4 payer:

5 “(a) Has moved out of this state since first receiving payments;

6 “(b) Has changed or is likely to change tax filing status; or

7 “(c) Is not reasonably likely to qualify for the tax credit under
8 section 2 of this 2023 Act for the next upcoming tax year for which
9 advance payments are otherwise to be made.

10 “(4) Except as otherwise provided in this section and sections 2 and
11 3 of this 2023 Act or where the context requires otherwise, the pro-
12 visions of ORS chapters 305 and 314 as to the audit and examination
13 of returns, periods of limitation, determination of and notices of defi-
14 ciencies, assessments, collections, liens, delinquencies, claims for re-
15 fund and refunds, conferences, appeals to the Oregon Tax Court, stays
16 of collection pending appeal, confidentiality of returns and the penal-
17 ties relative thereto, and the procedures relating thereto, apply to the
18 determinations of taxes, penalties and interest under this section and
19 sections 2 and 3 of this 2023 Act.

20 “SECTION 4. The Department of Revenue shall begin quarterly
21 payments under section 3 of this 2023 Act during the second year im-
22 mediately following the year in which section 3 of this 2023 Act be-
23 comes operative under section 5 of this 2023 Act, and shall continue
24 to make quarterly payments in each year thereafter, provided that the
25 payments continue not to affect eligibility for federal public assistance
26 programs, under a waiver described in section 6 of this 2023 Act or
27 another condition described in section 5 (2) of this 2023 Act.

28 “SECTION 5. Section 3 of this 2023 Act becomes operative 30 days
29 after whichever of the following occurs first:

30 “(1) The United States Department of Agriculture approves the re-

1 **quest for waiver under section 6 of this 2023 Act; or**

2 **“(2) The Department of Revenue receives notice that the require-**
3 **ment to include recurring or nonrecurring state payments of income**
4 **tax refunds, rebates or credits in income-based eligibility determi-**
5 **nations for any federal public assistance program is abrogated as a**
6 **consequence of:**

7 **“(a) The enactment of federal legislation;**

8 **“(b) A decision by a controlling court from which there is no fur-**
9 **ther right of appeal; or**

10 **“(c) Publication of federal regulations, guidelines, memoranda or**
11 **any other official action taken by a federal agency with the authority**
12 **to alter income-based eligibility determinations for federal public as-**
13 **sistance programs.**

14 **“SECTION 6. (1) No later than 90 days after the effective date of**
15 **this 2023 Act, the Department of Human Services shall submit to the**
16 **United States Department of Agriculture a request for approval to**
17 **waive the requirements of 7 U.S.C. 2014(d)(18) in order to exclude**
18 **quarterly distributions of an advance payment of the tax credit al-**
19 **lowed under section 2 of this 2023 Act from consideration in deter-**
20 **mining eligibility for supplemental nutrition assistance.**

21 **“(2) The department shall report the status of the request to the**
22 **Legislative Assembly no later than September 15, 2024, and annually**
23 **thereafter until September 15 following the date that the United States**
24 **Department of Agriculture approves or denies the request for waiver.**

25 **“SECTION 7. Section 6 of this 2023 Act is repealed on January 1,**
26 **2029.”.**

27 In line 45, delete “3” and insert “8”.

28 On page 3, line 14, delete “4” and insert “9”.

29 On page 4, line 36, delete “5” and insert “10”.

30 On page 7, line 33, delete “6” and insert “11”.

1 In line 34, delete “2024” and insert “2023” and delete “2030” and insert
2 “2029”.

3 In line 35, delete “7” and insert “12”.

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