

# Senate Bill 21

Sponsored by Senator GELSER BLOUIN (Presession 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 **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act makes a new tax credit for employment of foster children or former foster children. (Flesch Readability Score: 63.6).

Creates an income or corporate excise tax credit allowed to a taxpayer that employs a foster child or a former foster child.

Applies to tax years beginning on or after January 1, 2026, and before January 1, 2032.

Takes effect on the 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to a tax credit for employment of foster children; creating new provisions; amending ORS  
3 314.772 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 2025 Act is added to and made a part of ORS chapter 315.**

6 **SECTION 2. (1) As used in this section:**

7 (a) **"Eligible employee" means an individual who is:**

8 (A) **A foster child or a former foster child; and**

9 (B) **Employed by an eligible employer during the tax year.**

10 (b) **"Eligible employer" means an entity that is doing business in this state.**

11 (c) **"Former foster child" has the meaning given that term in ORS 350.300.**

12 (d) **"Foster child" has the meaning given that term in ORS 30.297.**

13 (2) **A credit against taxes that are otherwise due under ORS chapter 316 or, if the tax-**  
14 **payer is a corporation, under ORS chapter 317 or 318 is allowed to a taxpayer that is an eli-**  
15 **gible employer for each eligible employee the taxpayer first employs during the tax year.**

16 (3) **The credit allowed under this section shall be in the amount of 40 percent of wages**  
17 **paid to each eligible employee by the taxpayer in the tax year, but may not exceed \$2,400 for**  
18 **each eligible employee employed by a taxpayer.**

19 (4) **Prior to claiming the credit allowed under this section, a taxpayer is required to re-**  
20 **ceive written certification of eligibility from the Employment Department of any employee**  
21 **for which the taxpayer is seeking to claim the credit.**

22 (5) **The credit allowed under this section may not exceed the tax liability of the taxpayer**  
23 **for the tax year.**

24 (6) **Any tax credit otherwise allowable under this section that is not used by the taxpayer**  
25 **in a particular tax year may be carried forward and offset against the taxpayer's tax liability**  
26 **for the next succeeding tax year. Any credit remaining unused in the next succeeding tax**  
27 **year may be carried forward and used in the second succeeding tax year, and likewise any**  
28 **credit not used in that second succeeding tax year may be carried forward and used in the**

**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 **third succeeding tax year but may not be carried forward for any other succeeding tax year.**

2 **(7) The Department of Human Services and the Employment Department shall adopt**  
3 **rules for the purposes of this section, including policies and procedures for verifying taxpayer**  
4 **eligibility for the credit allowed under this section.**

5 **(8) The Department of Human Services shall provide information to the Department of**  
6 **Revenue about all taxpayers that are eligible for a tax credit under this section, if required**  
7 **by ORS 315.058.**

8 **SECTION 3.** ORS 314.772 is amended to read:

9 314.772. (1) Except as provided in ORS 314.766 (5)(b), the tax credits allowed or allowable to a  
10 C corporation for purposes of ORS chapter 317 or 318 shall not be allowed to an S corporation. The  
11 business tax credits allowed or allowable for purposes of ORS chapter 316 shall be allowed or are  
12 allowable to the shareholders of the S corporation.

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

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

22 (4) If the shareholder is a nonresident and there is a requirement applicable for the business tax  
23 credit that in the case of a nonresident the credit be allowed in the proportion provided in ORS  
24 316.117, then that provision shall apply to the nonresident shareholder.

25 (5) As used in this section, "business tax credit" means the following credits: ORS 315.104  
26 (forestation and reforestation), ORS 315.124 (small forest option), ORS 315.133 (agricultural overtime  
27 pay), ORS 315.138 (fish screening, by-pass devices, fishways), ORS 315.141 (biomass production for  
28 biofuel), ORS 315.156 (crop gleaning), ORS 315.164 and 315.169 (agriculture workforce housing), ORS  
29 315.176 (bovine manure), ORS 315.204 (dependent care assistance), ORS 315.208 (dependent care fa-  
30 cilities), ORS 315.213 (contributions for child care), ORS 315.237 (employee and dependent scholar-  
31 ships), ORS 315.271 (individual development accounts), ORS 315.283 (affordable housing sales), ORS  
32 315.304 (pollution control facility), ORS 315.326 (renewable energy development contributions), ORS  
33 315.331 (energy conservation projects), ORS 315.336 (transportation projects), ORS 315.341  
34 (renewable energy resource equipment manufacturing facilities), ORS 315.354 and 469B.151 (energy  
35 conservation facilities), ORS 315.506 (tribal taxes on reservation enterprise zones and reservation  
36 partnership zones), ORS 315.507 (electronic commerce), ORS 315.514 (film production development  
37 contributions), ORS 315.518 (semiconductors), ORS 315.523 (employee training programs), ORS  
38 315.533 (low income community jobs initiative), ORS 315.593 (short line railroads), ORS 315.640  
39 (university venture development funds), ORS 315.643 (Opportunity Grant Fund contributions), ORS  
40 315.675 (Trust for Cultural Development Account contributions), ORS 317.097 (loans for affordable  
41 housing), ORS 317.124 (long term enterprise zone facilities), ORS 317.147 (loans for agriculture  
42 workforce housing), ORS 317.152 (qualified research expenses) and ORS 317.154 (alternative qualified  
43 research expenses) and section 9, chapter 774, Oregon Laws 2013 (alternative fuel vehicle contribu-  
44 tions) **and section 2 of this 2025 Act (employment of foster children or former foster**  
45 **children).**

1        **SECTION 4.** ORS 318.031 is amended to read:

2        318.031. It being the intention of the Legislative Assembly that this chapter and ORS chapter  
3 317 shall be administered as uniformly as possible (allowance being made for the difference in im-  
4 position of the taxes), ORS 305.140 and 305.150, ORS chapter 314 and the following sections are in-  
5 corporated into and made a part of this chapter: ORS 315.104, 315.124, 315.133, 315.141, 315.156,  
6 315.176, 315.204, 315.208, 315.213, 315.283, 315.304, 315.326, 315.331, 315.336, 315.506, 315.507, 315.523,  
7 315.533, 315.593 and 315.643 **and section 2 of this 2025 Act** (all only to the extent applicable to a  
8 corporation) and ORS chapter 317.

9        **SECTION 5.** **Section 2 of this 2025 Act applies to tax years beginning on or after January**  
10 **1, 2026, and before January 1, 2032.**

11        **SECTION 6.** **This 2025 Act takes effect on the 91st day after the date on which the 2025**  
12 **regular session of the Eighty-third Legislative Assembly adjourns sine die.**

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