

Senate Bill 709

Sponsored by Senator SOLLMAN, Representative SMITH G (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 apprenticeships. (Flesch Readability Score: 66.1).
Creates income tax credit for taxpayers that provide apprenticeship opportunities.
Applies to all tax years beginning on or after January 1, 2026.
Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to a tax credit for apprenticeships; creating new provisions; amending ORS 314.772 and
3 318.031; 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) **"Apprentice" has the meaning given that term in ORS 660.010.**

8 (b) **"Qualifying apprentice" means an apprentice who is at least 16 years of age but not
9 more than 30 years of age at the close of the tax year.**

10 (2) **A credit against taxes that are otherwise due under ORS chapter 316 or, if the tax-
11 payer is a corporation, under ORS chapter 317 or 318, is allowed to a taxpayer that employs
12 qualifying apprentices during the tax year.**

13 (3) **The credit allowed under this section is \$1000 per qualifying apprentice employed by
14 the taxpayer, provided that each qualifying apprentice is employed by the taxpayer for at
15 least 500 hours during the tax year.**

16 (4) **Prior to claiming the credit allowed under this section, a taxpayer is required to re-
17 ceive written certification of eligibility from the Department of Revenue.**

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

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

26 (7) **A nonresident shall be allowed the credit under this section. The credit shall be
27 computed in the same manner and be subject to the same limitations as the credit granted
28 to a resident. However, the credit shall be prorated using the proportion provided in ORS
29 316.117.**

30 (8) **If a change in the taxable year of the taxpayer occurs as described in ORS 314.085,**

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 or if the Department of Revenue terminates the taxpayer's taxable year under ORS 314.440,
 2 the credit allowed by this section shall be prorated or computed in a manner consistent with
 3 ORS 314.085.

4 (9) If a change in the status of a taxpayer from resident to nonresident or from nonres-
 5 ident to resident occurs, the credit allowed by this section shall be determined in a manner
 6 consistent with ORS 316.117.

7 (10) The Department of Revenue shall adopt rules for the purposes of this section, in-
 8 cluding policies and procedures for certifying taxpayers as eligible for the credit allowed un-
 9 der this section as required in subsection (4) of this section.

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

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

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

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

24 (4) If the shareholder is a nonresident and there is a requirement applicable for the business tax
 25 credit that in the case of a nonresident the credit be allowed in the proportion provided in ORS
 26 316.117, then that provision shall apply to the nonresident shareholder.

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

1 tions), **and section 2 of this 2025 Act (apprenticeships).**

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

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

10 **SECTION 5.** **Notwithstanding ORS 315.037, section 2 of this 2025 Act applies to all tax**
11 **years beginning on or after January 1, 2026.**

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

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