

SB 1507-5
(LC 302)
2/3/26 (CMT/ps)

Requested by SENATE COMMITTEE ON FINANCE AND REVENUE

**PROPOSED AMENDMENTS TO
SENATE BILL 1507**

1 On page 1 of the printed bill, line 2, after “amending” delete the rest of
2 the line and insert “ORS 314.772 and 315.266;”.

3 Delete lines 5 through 27 and delete pages 2 through 5 and insert:

4 **“SECTION 1. Section 2 of this 2026 Act is added to and made a part**
5 **of ORS chapter 316.**

6 **“SECTION 2. There shall be added to federal taxable income an**
7 **amount equal to qualified passenger vehicle loan interest paid by the**
8 **taxpayer and deducted on the taxpayer’s federal income tax return in**
9 **the tax year, as provided in section 163(h)(4) of the Internal Revenue**
10 **Code.**

11 **“SECTION 3. ORS 315.266 is amended to read:**

12 “315.266. (1)(a) In addition to any other credit available for purposes of
13 ORS chapter 316, an eligible resident individual shall be allowed a credit
14 against the tax otherwise due under ORS chapter 316 for the tax year in an
15 amount equal to [*nine*] **14** percent of the earned income credit allowable to
16 the individual for the same tax year under section 32 of the Internal Revenue
17 Code.

18 “(b) Notwithstanding paragraph (a) of this subsection, for a taxpayer with
19 a dependent under the age of three at the close of the tax year, the credit
20 allowed under this section shall be in an amount equal to [*12*] **17** percent of
21 the earned income credit allowable to the individual for the same tax year

1 under section 32 of the Internal Revenue Code.

2 “(2) A resident individual may claim a credit under this section, using
3 either a Social Security number or an individual taxpayer identification
4 number, if, but for section 32(m) of the Internal Revenue Code, the individual
5 would otherwise be eligible to claim a credit under section 32 of the Internal
6 Revenue Code. The credit allowed as provided in this subsection shall equal
7 the percentage, as stated in subsection (1) of this section, of the amount that
8 would be allowed on a federal return, based on the amount of the individual’s
9 earned income and the other provisions of section 32 of the Internal Revenue
10 Code.

11 “(3) An eligible nonresident individual shall be allowed the credit com-
12 puted in the same manner and subject to the same limitations as the credit
13 allowed a resident by subsection (1) or (2) of this section. However, the credit
14 shall be prorated using the proportion provided in ORS 316.117.

15 “(4) If a change in the taxable year of a taxpayer occurs as described in
16 ORS 314.085, or if the Department of Revenue terminates the taxpayer’s
17 taxable year under ORS 314.440, the credit allowed by this section shall be
18 prorated or computed in a manner consistent with ORS 314.085.

19 “(5) If a change in the status of a taxpayer from resident to nonresident
20 or from nonresident to resident occurs, the credit allowed by this section
21 shall be determined in a manner consistent with ORS 316.117.

22 “(6) If the amount allowable as a credit under this section, when added
23 to the sum of the amounts allowable as payment of tax under ORS 316.187
24 or 316.583, other tax prepayment amounts and other refundable credit
25 amounts, exceeds the taxes imposed by ORS chapters 314 and 316 for the tax
26 year after application of any nonrefundable credits allowable for purposes
27 of ORS chapter 316 for the tax year, the amount of the excess shall be re-
28 funded to the taxpayer as provided in ORS 316.502.

29 “(7) The Department of Revenue may adopt rules for purposes of this
30 section, including but not limited to rules relating to proof of eligibility, the

1 furnishing of information regarding the federal earned income credit claimed
2 by the taxpayer for the tax year and policies and guidelines for the deter-
3 mination of the amount of credit allowed under subsection (2) of this section.

4 “(8) Refunds attributable to the earned income credit allowed under this
5 section do not bear interest.

6 **“SECTION 4. Section 5 of this 2026 Act is added to and made a part
7 of ORS chapter 316.**

8 **“SECTION 5. There shall be added to federal taxable income an
9 amount equal to any gain from the exchange or sale of qualified small
10 business stock that is received by the taxpayer and excluded from in-
11 come on the taxpayer’s federal income tax return in the tax year, as
12 provided in section 1202 of the Internal Revenue Code.**

13 **“SECTION 6. Section 7 of this 2026 Act is added to and made a part
14 of ORS chapter 316.**

15 **“SECTION 7. (1) There shall be added to federal taxable income for
16 Oregon tax purposes the difference between any amount allowable as
17 a deduction under section 168(k) of the Internal Revenue Code for
18 machinery or equipment placed in service during the tax year, as ap-
19 plicable to the tax year of the taxpayer, and that amount allowable
20 as a deduction under section 168(k) of the Internal Revenue Code as
21 amended and in effect on December 1, 2017, as applicable to the tax
22 year of the taxpayer.**

23 **“(2) Amounts added to federal taxable income for Oregon tax pur-
24 poses under subsection (1) of this section may thereafter be subtracted
25 from federal taxable income for Oregon tax purposes in the tax year
26 for which the amounts would have been allowed as a deduction on the
27 taxpayer’s federal income tax return under the Internal Revenue Code
28 as amended and in effect on December 1, 2017, as applicable to the tax
29 year of the taxpayer.**

30 **“SECTION 8. Section 9 of this 2026 Act is added to and made a part**

1 of ORS chapter 317.

2 **“SECTION 9.** (1) There shall be added to federal taxable income for
3 Oregon tax purposes the difference between any amount allowable as
4 a deduction under section 168(k) of the Internal Revenue Code for
5 machinery or equipment placed in service during the tax year, as ap-
6 plicable to the tax year of the taxpayer, and that amount allowable
7 as a deduction under section 168(k) of the Internal Revenue Code as
8 amended and in effect on December 1, 2017, as applicable to the tax
9 year of the taxpayer.

10 **“(2)** Amounts added to federal taxable income for Oregon tax pur-
11 poses under subsection (1) of this section may thereafter be subtracted
12 from federal taxable income for Oregon tax purposes in the tax year
13 for which the amounts would have been allowed as a deduction on the
14 taxpayer’s federal income tax return under the Internal Revenue Code
15 as amended and in effect on December 1, 2017, as applicable to the tax
16 year of the taxpayer.

17 **“SECTION 10.** (1) Sections 2 and 5 of this 2026 Act and the amend-
18 ments to ORS 315.266 by section 3 of this 2026 Act apply to tax years
19 beginning on or after January 1, 2026.

20 **“(2)** Sections 7 and 9 of this 2026 Act apply to machinery or equip-
21 ment that is placed in service in tax years beginning on or after Jan-
22 uary 1, 2026.

23 **“SECTION 11.** Section 12 of this 2026 Act is added to and made a
24 part of ORS chapter 315.

25 **“SECTION 12.** (1) A credit against taxes that are otherwise due
26 under ORS chapter 316 or, if the taxpayer is a corporation, under ORS
27 chapter 317 or 318 is allowed to a taxpayer for each new job in Oregon
28 created by the taxpayer during the tax year.

29 **“(2)(a)** The credit allowed under this section shall be in the amount
30 of \$1,000 for each net new job created by a taxpayer in the tax year.

1 “(b) The number of net new jobs created by the taxpayer in a tax
2 year shall be determined by comparing the average annual employ-
3 ment of the taxpayer for the 12 months ending on June 30 of the tax
4 year for which the credit is sought with the 12 months ending on June
5 30 of the immediately preceding tax year. Average annual employment
6 data shall be the reported covered employment as included by the
7 Employment Department in its quarterly census of employment and
8 wages.

9 “(3) Prior to claiming the credit allowed under this section, a tax-
10 payer seeking to claim the credit is required to receive written certi-
11 fication of eligibility from the Oregon Business Development
12 Department. The certification shall indicate the amount of the credit
13 to which the taxpayer is entitled for the tax year.

14 “(4) The credit allowed under this section may not exceed the tax
15 liability of the taxpayer for the tax year.

16 “(5) Any tax credit otherwise allowable under this section that is
17 not used by the taxpayer in a particular tax year may be carried for-
18 ward and offset against the taxpayer’s tax liability for the next suc-
19 ceeding tax year. Any credit remaining unused in the next succeeding
20 tax year may be carried forward and used in the second succeeding tax
21 year, and likewise any credit not used in that second succeeding tax
22 year may be carried forward and used in the third succeeding tax year
23 but may not be carried forward for any other succeeding tax year.

24 “(6)(a) The Oregon Business Development Department shall provide
25 information to the Department of Revenue about all taxpayers that
26 are eligible for a tax credit under this section, if required by ORS
27 315.058.

28 “(b) Notwithstanding paragraph (a) of this subsection, the Oregon
29 Business Development Department shall aggregate or anonymize in-
30 formation provided to the Department of Revenue in a manner suffi-

1 cient to protect the trade secrets or other confidential information of
2 taxpayers.

3 “(7) The Director of the Oregon Business Development Department
4 may order the suspension or revocation of a certification issued under
5 this section, as provided in ORS 315.061.

6 “(8) The Oregon Business Development Department shall by rule
7 establish:

8 “(a) The form and content of and deadlines for applications for the
9 credit allowed under this section.

10 “(b) Methodology for determining net new jobs created, as provided
11 in subsection (2) of this section, in the instance of a merger, conver-
12 sion, reorganization, consolidation or acquisition affecting a taxpayer.

13 **“SECTION 13.** At the time of certification, the total amount of po-
14 tential tax credits allowed under section 12 of this 2026 Act, for all
15 taxpayers in this state, may not exceed \$12.5 million for any tax year.
16 If the Oregon Business Development Department receives applications
17 for the credit sufficient to exceed this amount, the department shall
18 by rule proportionately reduce the amount of certified credits among
19 all taxpayers applying for the credit.

20 **“SECTION 14.** Section 12 of this 2026 Act applies to tax years be-
21 ginning on or after January 1, 2026, and before January 1, 2032.

22 **“SECTION 15.** ORS 314.772 is amended to read:

23 “314.772. (1) Except as provided in ORS 314.766 (5)(b), the tax credits al-
24 lowed or allowable to a C corporation for purposes of ORS chapter 317 or
25 318 shall not be allowed to an S corporation. The business tax credits al-
26 lowed or allowable for purposes of ORS chapter 316 shall be allowed or are
27 allowable to the shareholders of the S corporation.

28 “(2) In determining the tax imposed under ORS chapter 316, as provided
29 under ORS 314.763, on income of the shareholder of an S corporation, there
30 shall be taken into account the shareholder’s pro rata share of business tax

1 credit (or item thereof) that would be allowed to the corporation (but for
2 subsection (1) of this section) or recapture or recovery thereof. The credit (or
3 item thereof), recapture or recovery shall be passed through to shareholders
4 in pro rata shares as determined in the manner prescribed under section
5 1377(a) of the Internal Revenue Code.

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

10 “(4) If the shareholder is a nonresident and there is a requirement appli-
11 cable for the business tax credit that in the case of a nonresident the credit
12 be allowed in the proportion provided in ORS 316.117, then that provision
13 shall apply to the nonresident shareholder.

14 “(5) As used in this section, ‘business tax credit’ means the following
15 credits: ORS 315.104 (forestation and reforestation), ORS 315.124 (small forest
16 option), ORS 315.133 (agricultural overtime pay), ORS 315.138 (fish screening,
17 by-pass devices, fishways), ORS 315.141 (biomass production for biofuel), ORS
18 315.156 (crop gleaning), ORS 315.164 and 315.169 (agriculture workforce
19 housing), ORS 315.176 (bovine manure), ORS 315.204 (dependent care assist-
20 ance), ORS 315.208 (dependent care facilities), ORS 315.213 (contributions for
21 child care), ORS 315.237 (employee and dependent scholarships), ORS 315.271
22 (individual development accounts), ORS 315.283 (affordable housing sales),
23 ORS 315.304 (pollution control facility), ORS 315.326 (renewable energy de-
24 velopment contributions), ORS 315.331 (energy conservation projects), ORS
25 315.336 (transportation projects), ORS 315.341 (renewable energy resource
26 equipment manufacturing facilities), ORS 315.354 and 469B.151 (energy con-
27 servation facilities), ORS 315.506 (tribal taxes on reservation enterprise zones
28 and reservation partnership zones), ORS 315.507 (electronic commerce), ORS
29 315.514 (film production development contributions), ORS 315.518 (semicon-
30 ductors), ORS 315.523 (employee training programs), ORS 315.533 (low income

1 community jobs initiative), ORS 315.593 (short line railroads), ORS 315.640
2 (university venture development funds), ORS 315.643 (Opportunity Grant
3 Fund contributions), ORS 315.675 (Trust for Cultural Development Account
4 contributions), ORS 317.097 (loans for affordable housing), ORS 317.124 (long
5 term enterprise zone facilities) and ORS 317.147 (loans for agriculture
6 workforce housing) and section 9, chapter 774, Oregon Laws 2013 (alternative
7 fuel vehicle contributions), **and section 12 of this 2026 Act (new jobs).**

8 **“SECTION 16. This 2026 Act takes effect on the 91st day after the**
9 **date on which the 2026 regular session of the Eighty-third Legislative**
10 **Assembly adjourns sine die.”.**

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