

House Bill 2544

Sponsored by Representative KRUMMEL

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**.

Creates tax credit for cost taxpayer actually paid for providing home purchase assistance to employee of taxpayer.

Applies to costs actually paid for home purchase assistance in tax years beginning on or after January 1, 2008.

A BILL FOR AN ACT

1
2 Relating to home purchase assistance tax credits; creating new provisions; and amending ORS
3 314.752 and 318.031.

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

5 **SECTION 1. Section 2 of this 2007 Act is added to and made a part of ORS chapter 315.**

6 **SECTION 2. (1) As used in this section, "home purchase assistance" means a taxpayer's**
7 **financial contribution toward a home purchase by an employee of the taxpayer, for the pur-**
8 **pose of funding:**

9 (a) Closing costs or prepaid escrow impound expenses;

10 (b) Interest rate buydowns;

11 (c) Earnest money deposits;

12 (d) Down payment assistance; or

13 (e) Any other costs specifically related to the purchase transaction.

14 (2) A credit against taxes otherwise due under ORS chapter 316 or, if the taxpayer is a
15 corporation, ORS chapter 317 or 318, is allowed to a taxpayer for the cost the taxpayer ac-
16 tually paid for providing home purchase assistance to an employee of the taxpayer.

17 (3) The credit allowed under this section may not exceed:

18 (a) \$_____ for all taxpayers during the calendar year.

19 (b) \$_____ per taxpayer during the taxpayer's tax year.

20 (c) The tax liability of the taxpayer during the taxpayer's tax year.

21 (4)(a) A taxpayer claiming a credit under this section must apply to the Department of
22 Revenue for certification. The application shall contain any information that the department
23 requires by rule, including the cost the taxpayer actually paid for providing home purchase
24 assistance to an employee of the taxpayer.

25 (b) The department shall consider applications for certification in the chronological order
26 in which the applications are filed.

27 (c) If the department determines that an application meets the requirements of this
28 section, the department shall approve the application and issue a certificate to the extent the
29 total amount of estimated claims for credit for all certificates issued for the calendar year
30 do not exceed the annual limitation imposed by subsection (3)(a) of this section.

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 **(5) The taxpayer shall include a certificate issued under subsection (4) of this section**
 2 **with the return filed with the department by the taxpayer.**

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

9 **(7) The credit allowed under this section is in lieu of any deduction otherwise allowable**
 10 **under ORS chapter 316, 317 or 318. A deduction may not be claimed for any amount upon**
 11 **which the credit allowed under this section is based. If the contribution on which the credit**
 12 **is based is taken into account as a deduction for federal tax purposes, the amount of the**
 13 **deduction shall be added to federal taxable income for Oregon tax purposes.**

14 **SECTION 3. Section 2 of this 2007 Act applies to costs actually paid for home purchase**
 15 **assistance in tax years beginning on or after January 1, 2008.**

16 **SECTION 4. ORS 314.752 is amended to read:**

17 314.752. (1) Except as provided in ORS 314.740 (5)(b), the tax credits allowed or allowable to a
 18 C corporation for purposes of ORS chapter 317 or 318 [*shall*] **may** not be allowed to an S corpo-
 19 ration. The business tax credits allowed or allowable for purposes of ORS chapter 316 shall be al-
 20 lowed or are allowable to the shareholders of the S corporation.

21 (2) In determining the tax imposed under ORS chapter 316, as provided under ORS 314.734, on
 22 income of the shareholder of an S corporation, there shall be taken into account the shareholder's
 23 pro rata share of business tax credit (or item thereof) that would be allowed to the corporation (but
 24 for subsection (1) of this section) or recapture or recovery thereof. The credit (or item thereof), re-
 25 capture or recovery shall be passed through to shareholders in pro rata shares as determined in the
 26 manner prescribed under section 1377(a) of the Internal Revenue Code.

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

30 (4) If the shareholder is a nonresident and there is a requirement applicable for the business tax
 31 credit that in the case of a nonresident the credit be allowed in the proportion provided in ORS
 32 316.117, then that provision shall apply to the nonresident shareholder.

33 (5) As used in this section, "business tax credit" means a tax credit granted to personal income
 34 taxpayers to encourage certain investment, to create employment, economic opportunity or incentive
 35 or for charitable, educational, scientific, literary or public purposes that is listed under this sub-
 36 section as a business tax credit or is designated as a business tax credit by law or by the Depart-
 37 ment of Revenue by rule and includes but is not limited to the following credits: ORS 285C.309
 38 (tribal taxes on reservation enterprise zones), ORS 315.104 (forestation and reforestation), ORS
 39 315.134 (fish habitat improvement), ORS 315.138 (fish screening, by-pass devices, fishways), ORS
 40 315.156 (crop gleaning), ORS 315.164 and 315.169 (farmworker housing), ORS 315.204 (dependent care
 41 assistance), ORS 315.208 (dependent care facilities), ORS 315.213 (contributions for child care), ORS
 42 315.254 (youth apprenticeship sponsorship), ORS 315.304 (pollution control facility), ORS 315.324
 43 (plastics recycling), ORS 315.354 and ORS 469.207 (energy conservation facilities), ORS 315.507
 44 (electronic commerce), ORS 315.511 (advanced telecommunications facilities), ORS 315.604 (bone
 45 marrow transplant expenses) and ORS 317.115 (fueling stations necessary to operate an alternative

1 fuel vehicle) **and section 2 of this 2007 Act (home purchase assistance).**

2 **SECTION 5.** 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 285C.309, 315.104, 315.134, 315.156, 315.204,
7 315.208, 315.213, 315.254, 315.304, 315.507, 315.511 and 315.604 **and section 2 of this 2007 Act** (all
8 only to the extent applicable for a corporation) and ORS chapter 317.

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