

# DRAFT

## SUMMARY

Allows credit against income taxes for employment of qualified military veterans.

Applies to tax years beginning on or after January 1, 2017, and before January 1, 2023.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

Relating to tax credits for employment of qualified military veterans; and prescribing an effective date.

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

**SECTION 1. Sections 2 and 3 of this 2017 Act are added to and made a part of ORS chapter 315.**

**SECTION 2. (1) As used in this section, “qualified military veteran” means an individual who:**

**(a) Is hired within seven years of receipt of an honorable discharge from a branch of the Armed Forces of the United States or of deactivation orders under Title 10 of the United States Code under honorable conditions;**

**(b) Is employed by a taxpayer for at least 1,000 hours during each tax year for which the credit allowed under this section is claimed;**

**(c) Commences employment by the taxpayer not more than two calendar years before the close of the tax year for which the credit allowed under this section is initially claimed; and**

**(d) Was not previously employed by the taxpayer prior to the individual’s deployment.**

(2) An employer shall be allowed a credit against the taxes that are otherwise due under ORS chapter 316 or, if the employer is a corporation, under ORS chapter 317 or 318 for the employment of a qualified military veteran.

(3)(a) For an employer with 100 or fewer employees at any time during the first tax year for which the credit is initially claimed, the credit allowed under this section shall equal \$1,000 per qualified military veteran employed by the taxpayer, and shall increase by \$100 for each consecutive tax year that the credit is allowed, but may not exceed \$1,500 for any tax year.

(b) For an employer other than an employer described in paragraph (a) of this subsection, the credit allowed under this section shall equal \$750 per qualified military veteran employed by the taxpayer, and shall increase by \$100 for each consecutive tax year that the credit is allowed, but may not exceed \$1,250 for any tax year.

(4) Only one taxpayer may claim the credit allowed under this section for each qualified military veteran in any tax year.

(5) The credit allowed under this section may not exceed the tax liability of the taxpayer.

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

(7) A nonresident taxpayer is allowed the credit under this section in the proportion provided in ORS 316.117.

(8) If a change in the status of a taxpayer from resident to nonresident or from nonresident to resident occurs, the credit allowed by

1 this section shall be determined in a manner consistent with ORS  
2 316.117.

3 (9) If a change in the taxable year of a taxpayer occurs as described  
4 in ORS 314.085, or if the Department of Revenue terminates the  
5 taxpayer's taxable year under ORS 314.440, the credit allowed under  
6 this section shall be prorated or computed in a manner consistent with  
7 ORS 314.085.

8 SECTION 3. (1) The Department of Veterans' Affairs shall establish  
9 by rule standards and procedures for determining the eligibility of  
10 taxpayers to claim the credit allowed under section 2 of this 2017 Act.  
11 The department may establish standards for determining whether an  
12 individual is a qualified military veteran as defined in section 2 of this  
13 2017 Act.

14 (2) The taxpayer shall maintain any documents received by the  
15 taxpayer in connection with the receipt of a tax credit under section  
16 2 of this 2017 Act, including documents in support of an eligibility de-  
17 termination made pursuant to subsection (1) of this section, in the  
18 records of the taxpayer for the length of time prescribed by the De-  
19 partment of Revenue and shall provide a copy of the documents to the  
20 Department of Revenue if requested.

21 SECTION 4. Sections 2 and 3 of this 2017 Act apply to tax years  
22 beginning on or after January 1, 2017, and before January 1, 2023.

23 SECTION 5. This 2017 Act takes effect on the 91st day after the date  
24 on which the 2017 regular session of the Seventy-ninth Legislative  
25 Assembly adjourns sine die.