

HB 2664 STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 4/3

WHAT THE MEASURE DOES:

Extends sunset of Oregon subtraction from taxable income, amount of taxable gain of individual or corporation that sells a manufactured dwelling park to certain entities. Sunset is extended from 1/1/2020 to 1/1/2026.

Extends sunset, from 1/1/2020 to 1/1/2026, for refundable \$5,000 personal income tax credit available to owners of a manufactured dwelling where the manufactured dwelling park is being closed and the rental agreement is being terminated. Measure takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Oregon tax subtraction for capital gains from sale of a manufactured dwelling park to certain entities was created in 2005. The intent of the subtraction is to assist with the preservation of manufactured dwelling park communities. The subtraction provides an incentive to sell manufactured dwelling parks to residents and nonprofit entities that are less likely to close the park. Measure extends the sunset of the capital gains tax subtraction from 2020 to 2026.

Enacted in 2007, the Manufactured Dwelling Park Closure Credit is a \$5,000 refundable tax credit available to owners of a manufactured dwelling where the manufactured dwelling was the owner's principal residence and the dwelling park is being closed and the rental agreement is being terminated because of the exercise of eminent domain by order of a federal, state or local agency or by the landlord. The \$5,000 amount of the credit is reduced by any amount that was paid to the individual as compensation for the exercise of eminent domain. If more than one individual in a household qualifies for the credit, the amount of the credit is shared in proportion to each qualifying individual's respective gross income for the tax year.

The enacting legislation (HB 2735, 2007) was written in a manner suggesting the credit may only apply to manufactured dwelling park closures that result only from the exercise of eminent domain. This interpretation does not align with submitted testimony nor with the current administration of the credit.