HB 2664 A STAFF MEASURE SUMMARY

House Committee On Revenue

Action Date:	04/18/19
Action:	Without recommendation as to passage, with amendments, and be referred to Tax Expenditures. (Printed A-Eng.)
Vote:	6-0-1-0
Yeas:	6 - Findley, Marsh, Nathanson, Reschke, Smith G, Smith Warner
Exc:	1 - Hernandez
Fiscal:	No fiscal impact
Revenue:	Revenue impact issued
Prepared By:	Kyle Easton, Economist
Meeting Dates:	4/3, 4/18

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. Applicable to tax years 2017 and later, makes technical change relating to interaction of credit and eminent domain. Measure takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

Concurrent public hearings held for house bills: 2127, 2136 and 2664

- Overview of measures and areas of overlapping content between measures
- Potential to amend measures to incorporate policy changes within a single measure
- Disparate policies contained in house bill 2127
- Capital gains subtraction supports ability of tenants or nonprofit entity to compete for purchase of a manufactured dwelling park
- Overview of how refundable credit interacts with direct payments from park owners to park tenants upon closure of park
- General environment for manufactured dwelling parks in Oregon
- Limited recent development of new parks
- Desirability of manufactured dwelling parks as investments.

EFFECT OF AMENDMENT:

Made technical change relating to interaction of credit and eminent domain.

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.