

House Bill 2311

Sponsored by Representative REARDON (Pre-session filed.)

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 income tax credit for taxpayer that employs community college student as apprentice.
Applies to tax years beginning on or after January 1, 2020, and before January 1, 2026.
Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to a tax credit for community college apprentices; creating new provisions; amending ORS
3 314.752 and 318.031; and prescribing an effective date.

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

5 **SECTION 1. Section 2 of this 2019 Act is added to and made a part of ORS chapter 315.**

6 **SECTION 2. (1) As used in this section:**

7 (a) "Apprentice" has the meaning given that term in ORS 660.010.

8 (b) "Community college" has the meaning given that term in ORS 341.005.

9 (c) "Qualifying apprentice" means an apprentice who:

10 (A) Is at least 16 years of age but not more than 30 years of age at the close of the tax
11 year;

12 (B) Is employed by the taxpayer as an apprentice for at least 500 hours during the tax
13 year; and

14 (C) Has been enrolled in a community college for a term that ends during the tax year
15 or the immediately preceding tax year.

16 (2) A credit against taxes that are otherwise due under ORS chapter 316 or, if the tax-
17 payer is a corporation, under ORS chapter 317 or 318, is allowed to a taxpayer that employs
18 a qualifying apprentice during the tax year.

19 (3) The credit allowed under this section is the lesser of:

20 (a) 10 percent of all wages paid by the taxpayer to qualifying apprentices during the tax
21 year; or

22 (b) \$2,000.

23 (4) Prior to claiming the credit allowed under this section, a taxpayer is required to re-
24 ceive written certification of eligibility from the Department of Revenue.

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

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

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 **third succeeding tax year but may not be carried forward for any tax year thereafter.**

2 **(7) A nonresident shall be allowed the credit under this section. The credit shall be**
3 **computed in the same manner and be subject to the same limitations as the credit granted**
4 **to a resident. However, the credit shall be prorated using the proportion provided in ORS**
5 **316.117.**

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

10 **(9) If a change in the status of a taxpayer from resident to nonresident or from nonres-**
11 **ident to resident occurs, the credit allowed by this section shall be determined in a manner**
12 **consistent with ORS 316.117.**

13 **(10) The Department of Revenue shall adopt rules for the purposes of this section, in-**
14 **cluding policies and procedures for certifying taxpayers as eligible for the credit allowed un-**
15 **der this section as required in subsection (4) of this section.**

16 **SECTION 3.** ORS 314.752, as amended by section 7, chapter 108, Oregon Laws 2018, is amended
17 to read:

18 314.752. (1) Except as provided in ORS 314.740 (5)(b), the tax credits allowed or allowable to a
19 C corporation for purposes of ORS chapter 317 or 318 shall not be allowed to an S corporation. The
20 business tax credits allowed or allowable for purposes of ORS chapter 316 shall be allowed or are
21 allowable to the shareholders of the S corporation.

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

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

31 (4) If the shareholder is a nonresident and there is a requirement applicable for the business tax
32 credit that in the case of a nonresident the credit be allowed in the proportion provided in ORS
33 316.117, then that provision shall apply to the nonresident shareholder.

34 (5) As used in this section, "business tax credit" means the following credits: ORS 315.104
35 (forestation and reforestation), ORS 315.138 (fish screening, by-pass devices, fishways), ORS 315.141
36 (biomass production for biofuel), ORS 315.156 (crop gleaning), ORS 315.164 and 315.169 (agriculture
37 workforce housing), ORS 315.176 (bovine manure), ORS 315.204 (dependent care assistance), ORS
38 315.208 (dependent care facilities), ORS 315.213 (contributions for child care), ORS 315.237 (employee
39 and dependent scholarships), ORS 315.271 (individual development accounts), ORS 315.304 (pollution
40 control facility), ORS 315.326 (renewable energy development contributions), ORS 315.331 (energy
41 conservation projects), ORS 315.336 (transportation projects), ORS 315.341 (renewable energy re-
42 source equipment manufacturing facilities), ORS 315.354 and 469B.151 (energy conservation facili-
43 ties), ORS 315.506 (tribal taxes on reservation enterprise zones and reservation partnership zones),
44 ORS 315.507 (electronic commerce), ORS 315.514 (film production development contributions), ORS
45 315.521 (university venture development funds), ORS 315.523 (employee training programs), ORS

1 315.533 (low income community jobs initiative), ORS 315.675 (Trust for Cultural Development Ac-
 2 count contributions), ORS 317.097 (loans for affordable housing), ORS 317.124 (long term enterprise
 3 zone facilities), ORS 317.147 (loans for agriculture workforce housing), ORS 317.152 (qualified re-
 4 search expenses) and ORS 317.154 (alternative qualified research expenses) and section 9, chapter
 5 774, Oregon Laws 2013 (alternative fuel vehicle contributions), and section 2, chapter 108, Oregon
 6 Laws 2018 (Opportunity Grant Fund contributions), **and section 2 of this 2019 Act (apprentice-
 7 ships for community college students).**

8 **SECTION 4.** ORS 318.031, as amended by section 8, chapter 108, Oregon Laws 2018, is amended
 9 to read:

10 318.031. It being the intention of the Legislative Assembly that this chapter and ORS chapter
 11 317 shall be administered as uniformly as possible (allowance being made for the difference in im-
 12 position of the taxes), ORS 305.140 and 305.150, ORS chapter 314 and the following sections are in-
 13 corporated into and made a part of this chapter: ORS 315.104, 315.141, 315.156, 315.176, 315.204,
 14 315.208, 315.213, 315.304, 315.326, 315.331, 315.336, 315.506, 315.507, 315.523 and 315.533 and section
 15 2, chapter 108, Oregon Laws 2018, **and section 2 of this 2019 Act** (all only to the extent applicable
 16 to a corporation) and ORS chapter 317.

17 **SECTION 5.** **Section 2 of this 2019 Act applies to tax years beginning on or after January**
 18 **1, 2020, and before January 1, 2026.**

19 **SECTION 6.** **This 2019 Act takes effect on the 91st day after the date on which the 2019**
 20 **regular session of the Eightieth Legislative Assembly adjourns sine die.**

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