

House Bill 2547

Sponsored by Representative EVANS (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 certain employers that are required to provide paid sick leave.
Applies to tax years beginning on or after January 1, 2020, and before January 1, 2024.
Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to paid sick leave tax credit; creating new provisions; amending ORS 314.752 and 318.031;
3 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, "paid sick leave" means sick leave required by**
7 **federal, state or local law.**

8 **(2) A credit against taxes that are otherwise due under ORS chapter 316 or, if the tax-**
9 **payer is a corporation, under ORS chapter 317 or 318 is allowed to a taxpayer that provides**
10 **paid sick leave. The amount of the credit is as follows:**

11 **(a) For tax years beginning on or after January 1, 2020, and before January 1, 2021, the**
12 **amount of the tax credit is 75 percent of the qualified paid sick leave wages that are paid by**
13 **the taxpayer during the tax year.**

14 **(b) For tax years beginning on or after January 1, 2021, and before January 1, 2022, the**
15 **amount of the tax credit is 50 percent of the qualified paid sick leave wages that are paid by**
16 **the taxpayer during the tax year.**

17 **(c) For tax years beginning on or after January 1, 2022, and before January 1, 2023, the**
18 **amount of the tax credit is 35 percent of the qualified paid sick leave wages that are paid by**
19 **the taxpayer during the tax year.**

20 **(d) For tax years beginning on or after January 1, 2023, and before January 1, 2024, the**
21 **amount of the tax credit is 25 percent of the qualified paid sick leave wages that are paid by**
22 **the taxpayer during the tax year.**

23 **(3) A taxpayer may qualify for the credit allowed under this section if the taxpayer:**

24 **(a) Employs not more than 50 employees at any time during the tax year;**

25 **(b) Provides paid sick leave in accordance with all applicable federal, state and local laws;**
26 **and**

27 **(c) Has paid to the taxpayer's employees the full amount of wages due for paid sick leave**
28 **taken during the tax year not later than the last day of the tax year.**

29 **(4) A taxpayer must obtain a written certification of eligibility from the Department of**
30 **Consumer and Business Services prior to claiming the credit allowed under this section.**

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

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 for the tax year.

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

8 (7) A nonresident shall be allowed the credit under this section. The credit shall be
9 computed in the same manner and be subject to the same limitations as the credit granted
10 to a resident.

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

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

18 (10) The Department of Consumer and Business Services, in consultation with the Bu-
19 reau of Labor and Industries, shall adopt rules for the purposes of this section, including
20 rules establishing policies and procedures for providing written certification to taxpayers el-
21 igible for the credit allowed under this section, as required by subsection (4) of this section.

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

24 314.752. (1) Except as provided in ORS 314.740 (5)(b), the tax credits allowed or allowable to a
25 C corporation for purposes of ORS chapter 317 or 318 shall not be allowed to an S corporation. The
26 business tax credits allowed or allowable for purposes of ORS chapter 316 shall be allowed or are
27 allowable to the shareholders of the S corporation.

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

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

37 (4) If the shareholder is a nonresident and there is a requirement applicable for the business tax
38 credit that in the case of a nonresident the credit be allowed in the proportion provided in ORS
39 316.117, then that provision shall apply to the nonresident shareholder.

40 (5) As used in this section, "business tax credit" means the following credits: ORS 315.104
41 (forestation and reforestation), ORS 315.138 (fish screening, by-pass devices, fishways), ORS 315.141
42 (biomass production for biofuel), ORS 315.156 (crop gleaning), ORS 315.164 and 315.169 (agriculture
43 workforce housing), ORS 315.176 (bovine manure), ORS 315.204 (dependent care assistance), ORS
44 315.208 (dependent care facilities), ORS 315.213 (contributions for child care), ORS 315.237 (employee
45 and dependent scholarships), ORS 315.271 (individual development accounts), ORS 315.304 (pollution

1 control facility), ORS 315.326 (renewable energy development contributions), ORS 315.331 (energy
 2 conservation projects), ORS 315.336 (transportation projects), ORS 315.341 (renewable energy re-
 3 source equipment manufacturing facilities), ORS 315.354 and 469B.151 (energy conservation facili-
 4 ties), ORS 315.506 (tribal taxes on reservation enterprise zones and reservation partnership zones),
 5 ORS 315.507 (electronic commerce), ORS 315.514 (film production development contributions), ORS
 6 315.521 (university venture development funds), ORS 315.523 (employee training programs), ORS
 7 315.533 (low income community jobs initiative), ORS 315.675 (Trust for Cultural Development Ac-
 8 count contributions), ORS 317.097 (loans for affordable housing), ORS 317.124 (long term enterprise
 9 zone facilities), ORS 317.147 (loans for agriculture workforce housing), ORS 317.152 (qualified re-
 10 search expenses) and ORS 317.154 (alternative qualified research expenses) and section 9, chapter
 11 774, Oregon Laws 2013 (alternative fuel vehicle contributions), and section 2, chapter 108, Oregon
 12 Laws 2018 (Opportunity Grant Fund contributions), **and section 2 of this 2019 Act (paid sick
 13 leave).**

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

16 318.031. It being the intention of the Legislative Assembly that this chapter and ORS chapter
 17 317 shall be administered as uniformly as possible (allowance being made for the difference in im-
 18 position of the taxes), ORS 305.140 and 305.150, ORS chapter 314 and the following sections are in-
 19 corporated into and made a part of this chapter: ORS 315.104, 315.141, 315.156, 315.176, 315.204,
 20 315.208, 315.213, 315.304, 315.326, 315.331, 315.336, 315.506, 315.507, 315.523 and 315.533 and section
 21 2, chapter 108, Oregon Laws 2018, **and section 2 of this 2019 Act** (all only to the extent applicable
 22 to a corporation) and ORS chapter 317.

23 **SECTION 5.** **Section 2 of this 2019 Act and the amendments to ORS 314.752 and 318.031**
 24 **by sections 3 and 4 of this 2019 Act apply to tax years beginning on or after January 1, 2020,**
 25 **and before January 1, 2024.**

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

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