

HB 2096 -1 STAFF MEASURE SUMMARY

House Committee On Housing

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Sub-Referral To: House Committee On Revenue

Meeting Dates: 1/26, 3/4, 3/9

WHAT THE MEASURE DOES:

Allows the Housing and Community Services Department to buy, sell, hold, lease or pledge credits, or act as a third-party agent in the sale of tax credits for agricultural workforce housing projects. The department may facilitate credit transactions provided that it does not financially benefit from any transaction. Allows the department, in consultation with the Oregon Department of Revenue, to adopt rules to govern its participation in tax credit transactions. Increases available tax credit from \$3.625 million per year to \$24 million per biennium. Expands definition of contributor to include public body. Renames "Farmworker Housing Development Account" as "Agricultural Worker Housing Development Account."

ISSUES DISCUSSED:

- COVID-19 and Wildfires underscored limits on agricultural workforce housing supply
- Funding options created through biennial funding cycle
- Prioritization of agricultural worker tenants for in-community developments
- Pilot program for entities without tax liability through monetization of credits

EFFECT OF AMENDMENT:

-1 Eliminates provision that the Housing and Community Services Department may buy, sell, hold, lease or pledge credits, or act as a third-party agent in the sale of tax credits for agricultural workforce housing projects.

Has minimal fiscal impact; has minimal revenue impact

BACKGROUND:

The agricultural workforce housing construction tax credit provides support for the construction, rehabilitation, and acquisition of housing for agricultural workers and their immediate families. The COVID-19 pandemic highlighted a housing shortage for agricultural workers, and in June 2020, Governor Kate Brown directed \$10 million from the Coronavirus Relief Fund for agricultural workforce housing including an assistance program for hotel and alternative housing.

The tax credit may be taken for 50 percent of eligible costs for the agricultural workforce housing development and may be taken for the tax year in which the project is completed and in any of the nine years following the project's completion. The maximum allowable credit claimed by a taxpayer in a given year cannot exceed 20 percent of the total allowable credit. The tax credit program sunsets December 31, 2025.

Oregon Housing and Community Services anticipates that by bundling two years' worth of tax credits, the agency will better utilize other state and federal resources. The agency expects to monetize the credits in order to provide cash grants, which will allow individual farm owners with a lower tax burden to utilize the credits.

House Bill 2096 increases available tax credits for agricultural worker housing construction from \$3.625 million per year to \$24 million per biennium. It allows Oregon Housing and Community Services to enter into credit transactions, provided that the agency does not financially benefit from a transaction. The bill also allows any

This summary has not been adopted or officially endorsed by action of the committee.

public body to act as a contributor, meaning the public body may purchase or receive the transfer of the tax credits.

PRELIMINARY