

**REVENUE IMPACT OF  
PROPOSED LEGISLATION  
81st Oregon Legislative Assembly  
2021 Regular Session  
Legislative Revenue Office**

**Bill Number: SB 330 - 5  
Revenue Area: Business Taxation  
Economist: Kaitlyn Harger  
Date: 4/6/2021**

***Only Impacts on Original or Engrossed  
Versions are Considered Official***

**Measure Description:**

Establishes a nonrefundable income tax credit for forgiveness by landlord of tenant's nonpayment of rent or other charges required as part of the Landlord Compensation Fund (LCF). Requires credit be used over five consecutive tax years at 20% of the total amount of forgiven debt, per year. Requires Housing and Community Services Department (HCSD) to provide written certification of eligibility for this tax credit to the taxpayer. Defines the amount certified by HCSD as equal to the portion of unpaid rent forgiven by the taxpayer as part of the LCF program. Prevents HCSD from issuing certificates to taxpayers who are not in compliance with the terms of distribution established under the LCF. Provides HCSD rulemaking authority related to issuing certificates of eligibility for the tax credit. Prohibits a taxpayer from claiming a credit for any portion of unpaid rent for which the taxpayer received a distribution under the LCF. Provides a five-year carryforward period for any portion of the tax credit that is not used by the taxpayer in a tax year. Disallows for basis to be decreased by the tax credit for the purposes of determining a gain or loss. Provides adjustments to credit for nonresident taxpayers, taxpayers with changes in resident status, and taxpayers whose tax year changes during a year in which they are claiming the credit. Allows for the transfer of the tax credit in the case of housing authorities or nonprofit entities. Requires HCSD provide the Department of Revenue (DOR) information on all certificates of eligibility for the credit. Provides Director of HCSD authority to suspend or revoke a certificate of eligibility as provided in ORS 315.056. Provides a subtraction to tenant for debt forgiven by the landlord under the LCF program and includable in the federal taxable income of the tenant. Adds credit to list of Business Tax Credits in statute. Applies to tax years beginning on or after January 1, 2021 and before January 1, 2022. Takes effect on the 91st day following adjournment sine die.

**Revenue Impact:**

The LCF provides \$150 M to reimburse landlords up to 80% of rental debt owed by tenants if landlords forgive the remaining 20% of debt. Based on the \$150 M allocation for the LCF, the maximum value of credits available to landlords is \$37.5 M. However, the timing of the use of tax credits will depend on individual taxpayer tax circumstances across several tax years.

Ongoing analysis will review timing of the revenue impact across fiscal years due to taxpayer circumstances over the eligible period for the credit as well as carryforward periods. Additionally, it is possible that a portion of the available tax credits may never be used due to insufficient tax liability or the inability of entities to transfer the tax credit.

**Creates, Extends, or Expands Tax Expenditure: Yes  No**

State Capitol Building  
900 Court St NE  
Salem, Oregon 97301-1347

Phone (503) 986-1266  
Fax (503) 986-1770  
<https://www.oregonlegislature.gov/lro>

The policy purpose of this measure is to provide landlords with reimbursement for forgiven debt related to the Landlord Compensation Fund and the COVID-19 Pandemic.

Further Analysis Required