

## HB 2456 -3 STAFF MEASURE SUMMARY

### House Committee On Revenue

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**Prepared By:** Kyle Easton, Economist

**Meeting Dates:** 1/28, 6/2, 6/7, 6/9

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#### WHAT THE MEASURE DOES:

For purposes of low-income rental property tax exemption, modifies definition of low income to at or below 80 percent of area median income for persons occupying property for every subsequent consecutive year of occupancy. Allows averaging of incomes of property occupants in determination of income for low-income rental and nonprofit low-income rental property tax exemptions if property is awarded tax credits through the federal Low-Income Housing Tax Credit Program. Applies to housing for which application is filed on or after effective date of Act. Expands environmentally sensitive logging equipment property tax exemption to include logging equipment held for specified uses, applicable to property tax years beginning on or after July 1, 2019. For single-unit housing property tax exemption, allows city to extend up to 24 months, deadline for completion of construction. Extends property tax deferral program sunset by one year. Modifies period in which tax refund interest begins accruing, effective for refunds owing as of January 1, 2018. Modifies individual development account donation credit sunset to January 1, 2021 and limits credit to donations made prior to January 31, 2020. Allows Oregon Film and Video Office and Higher Education Coordinating Commission to issue tax credit certifications for current or immediately preceding tax year if taxpayer has not filed associated tax return. Applies to tax years 2020 through 2023. Updates corporate excise tax statutory reference to Internal Revenue Code. Requires Oregon Department of Transportation and Oregon Transportation Commission to biennially review special use fuel license fees and recommend to interim legislative transportation committees any adjustment to fees that are deemed appropriate. Allows Department of Revenue to share information with Department of Motor Vehicles for purposes of vehicle privilege tax. Amends definition of authorized agency to allow municipal tax collection agency to request federal background checks as specified. Defines publicly owned short line railroad. Limits a short line railroad's rehabilitation credit to not more than \$700,000 per tax year. Changes overall \$4 million biennial credit cap to an annual \$2 million cap. Modifies prioritization process in instances where rehabilitation project certification exceeds overall annual cap. Clarifies short line railroad tax credit definition of infrastructure and makes conforming changes. Extends by two years, requirement of Department of Revenue to report to a committee of the Legislative Assembly on the efficacy of including global intangible low-taxed income in gross income. Measure takes effect on 91st day following adjournment sine die.

#### ISSUES DISCUSSED:

January 28th

- Overview of omnibus measure, contents of which are from 2020 measure (SB 1531)
- Definition of environmentally sensitive logging equipment, date used and referenced in statute, origination of the definition
- Short line railroad credit changes intended to be largely non-policy oriented but reflective of desired changes to statute structure, definitions, and necessary reference corrections
- Recent federal short line tax credit extension and changes
- Existence of other introduced measures relating to tax credit for contributions made to a fiduciary organization for distribution to individual development accounts

June 2nd

- Overview of omnibus measure

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- Date determining definition of environmentally sensitive logging equipment
- New language regarding tax subtraction for gain resulting from sale of manufactured dwelling park destroyed by a natural disaster.

June 9th

- -3 amendment changes are technical corrections
- Changes to short line railroad credit are technical and remove redundant statutory language applicable to credit.

### **EFFECT OF AMENDMENT:**

-3 Replaces content of measure.

Updates ABLE account connection date to Internal Revenue Code, from December 31, 2017 to April 1, 2021. For purposes of low-income rental property tax exemption, modifies definition of low income to at or below 80 percent of area median income for persons occupying property for every subsequent consecutive year of occupancy. Allows averaging of incomes of property occupants in determination of income for low-income rental and nonprofit low-income rental property tax exemptions if property is awarded tax credits through the federal Low-Income Housing Tax Credit Program. Applies to housing for which application is filed on or after effective date of Act. Expands environmentally sensitive logging equipment property tax exemption to include logging equipment held for specified uses, applicable to property tax years beginning on or after July 1, 2019. For single-unit housing property tax exemption, allows city to extend up to 24 months, deadline for completion of construction. Allows Oregon Film and Video Office and Higher Education Coordinating Commission to issue tax credit certifications for current or immediately preceding tax year if taxpayer has not filed associated tax return, applicable to tax years 2021 through 2023. Updates corporate excise tax statutory reference to Internal Revenue Code. Allows Department of Revenue to share information with Department of Motor Vehicles for purposes of vehicle privilege tax. Amends definition of authorized agency to allow municipal tax collection agency to request federal background checks as specified. Expands income tax subtraction for amounts received as a result of sale of manufactured dwelling park to a nonprofit corporation or housing authority if park was destroyed by a natural disaster. Makes technical statutory cross reference changes and eliminates redundant statutes related to tax credit for short line railroad rehabilitation. Measure takes effect on 91st day following adjournment sine die.

### **BACKGROUND:**

Contents of measure match contents of Senate Bill 1531 A from the 2020 Regular Legislative Session. Senate Bill 1531 A passed out of the Senate Chamber and the House Committee on Revenue. At time of 2020 session adjournment, Senate Bill 1531 A had not received a vote in the House Chamber.

Measure makes relatively modest changes to multiple tax provisions including property tax exemptions, income tax credits, special use fuel license fee and vehicle privilege tax. Changes to the short line railroad rehabilitation tax credit are not expected to fundamentally alter credit qualifications for individual railroads but rather represent a statutory reconfiguration expected to produce similar credit outcomes for qualified short line railroads.

The City of Portland's Revenue Division uses Internal Revenue Service (IRS) Federal Taxpayer Information (FTI) to administer taxes for the City of Portland and Multnomah County. To receive continued access to FTI, City of Portland is required to comply with associated IRS requirements including comprehensive employee background checks. Measure allows City of Portland's tax collection agency to request federal background checks via the Oregon State Police for persons who are employed or seeking employment by the city or are providing services to the city.