

HB 2456 A STAFF MEASURE SUMMARY**Carrier:** Rep. Nathanson, Rep. Marsh**House Committee On Revenue****Action Date:** 06/09/21**Action:** Do pass with amendments. (Printed A-Eng.)**Vote:** 7-0-0-0**Yeas:** 7 - Levy, Marsh, Nathanson, Pham, Reschke, Smith G, Valderrama**Fiscal:** Has minimal fiscal impact**Revenue:** Revenue impact issued**Prepared By:** Kyle Easton, Economist**Meeting Dates:** 1/28, 6/2, 6/7, 6/9**WHAT THE MEASURE DOES:**

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.

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
- 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.

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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:

Replaced content of measure.

BACKGROUND:

Measure makes relatively modest changes to multiple tax provisions including property tax exemptions, income tax expenditures, and the vehicle privilege tax. Changes to the short line railroad rehabilitation tax credit are technical and remove redundant statutory language applicable to the credit. Measure modifies an existing income tax subtraction to allow taxpayers that sell a manufactured dwelling park that was destroyed by a natural disaster, to subtract the gain resulting from the sale from taxable income if such destroyed park is sold to a nonprofit corporation or housing authority that will redevelop the site as a manufactured dwelling park. The modification of the tax subtraction is reflective of the many manufactured parks recently destroyed by wildfires in which the existing tax subtraction provides no tax benefit due to the lack of tenants that could otherwise form a corporate entity for purpose of purchasing the park. Modification is intended to encourage the sale of such destroyed parks to a nonprofit corporation or housing authority that will redevelop the site as a manufactured dwelling park.

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.