

HB 2078 STAFF MEASURE SUMMARY

Joint Committee On Tax Expenditures

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Meeting Dates: 3/10

WHAT THE MEASURE DOES:

Extends sunset of agriculture workforce housing construction tax credit from 1/1/2026 to 1/1/2030.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

A taxpayer who owns or operates agriculture workforce housing is allowed a credit for the construction, rehabilitation, or acquisition of agriculture workforce housing in Oregon. The credit is fifty percent of the eligible costs actually paid or incurred by the taxpayer to complete an agriculture workforce housing project. The credit can be taken over ten years, though only twenty percent of the total credit amount can be taken in any one year, thereby requiring the credit to be taken over at least five years. Unused credit amounts may be carried forward for nine succeeding tax years. The policy also allows for the credit to be transferred to a contributor. The Oregon Housing and Community Services Department (OHCS) may certify a credit application only if the potential credits of the project would not cause the total potential credits for all approved applications to exceed \$16.75 million within the biennium. Certification is received through an application process submitted to and approved by OHCS. Under existing law, to qualify for the credit new agriculture workforce housing projects must be completed prior to January 1, 2026.

In the past ten years, the credit amount used to offset tax liability has ranged from \$340,000 to \$3.4 million. Use of the tax credit grew substantially from 2010 to 2015. While individual years can vary, use of this tax credit has generally been split about 60-40 between personal income taxpayers and C-corporation taxpayers. Twenty percent of credits are reserved for on-farm housing projects with the other eighty percent reserved for community-based projects.