HB 3302 -1 STAFF MEASURE SUMMARY

House Committee On Housing and Homelessness

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Sub-Referral To: Joint Committee On Tax Expenditures
Meeting Dates: 3/14, 3/30

WHAT THE MEASURE DOES:

Creates income or corporate excise tax credit for qualified taxpayer of low-income housing development that is eligible for a federal low-income housing tax credit. Requires qualified development have an affordability covenant of at least 15 years. Requires tax credit be equal to 30 percent of taxpayer's qualified basis in a qualified development; allows any unused credit to be carried forward for up to three successive years. Directs Housing and Community Services Department (OHCS) and Department of Revenue to adopt rules for verifying taxpayer eligibility, and monitor and oversee compliance. Directs OHCS to issue allocation certificate to owner of qualified development. Requires OHCS to submit report by February 15 of each year to interim committee of Legislative Assembly related to revenue with specified data demonstrating how qualified developments supported by tax credit address the need for affordable housing and reduce disparities within intended communities. Applies provisions of Act to tax years beginning on or after January 1, 2024 and before January 1, 2039. Takes effect on 91st day following adjournment sine die.

FISCAL: Fiscal lite, for purposes of referral to the Joint Committee on Tax Expenditures
REVENUE: Revenue lite, for purposes of referral to the Joint Committee on Tax Expenditures

ISSUES DISCUSSED:

- State companion to federal Low-Income Housing Tax Credit
- Pairing with Oregon Affordable Housing Lender Tax Credit

EFFECT OF AMENDMENT:

-1 Removes requirement that credit shall be equal 30 percent of taxpayer's qualified basis in the qualified development. Aligns issuance of department allocation certificate with issuance of certification of any federal tax credits for the qualified development. Limits combined potential tax credits allocated from exceeding $100 million in any tax year.

BACKGROUND:

The Federal Low Income Housing Tax Credit (LIHTC) was enacted by Congress in 1986 to encourage new construction and rehabilitation of buildings as low-income rental housing for households meeting specified income thresholds. In exchange for equity, investors receive tax credits to offset federal income taxes for a 10-year period. The taxpayer must provide the low-income housing for a total of 30 years; 15 years under IRS jurisdiction and another 15 years under state jurisdiction. The LIHTC program is administered by the IRS and Oregon Housing and Community Services (OHCS), which is responsible for determining which Oregon-based projects receive tax credit allocations.

House Bill 3302 creates a state-level Low Income Housing Tax Credit program for qualified taxpayers of low-income housing developments that are determined to be eligible for a federal low-income housing tax credit. The measure gives OHCS and the Department of Revenue rulemaking authority and requires OHCS to report annually on the impact of the tax credit on addressing needed affordable housing within intended communities.

