

House Bill 2605

Sponsored by Representatives PHAM K, WALTERS, Senator GELSER BLOUIN, Representative BOWMAN; Senators CAMPOS, GOLDEN, JAMA (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Creates tax credit for contributions to publisher of local journalistic publication.
Applies to tax years beginning on or after January 1, 2024, and before January 1, 2028.
Directs Oregon Department of Administrative Services to issue one-time grants for purposes related to supporting Oregonians' local news and information needs.

A BILL FOR AN ACT

Relating to local journalism; creating new provisions; and amending ORS 314.772 and 318.031.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Sections 2 and 3 of this 2023 Act are added to and made a part of ORS chapter 315.

SECTION 2. As used in this section and section 3 of this 2023 Act:

(1) "Local journalist" means a person employed by a local journalistic publication who regularly gathers, collects, photographs, records, writes or reports news or information that concerns local events or other matters of local public interest.

(2) "Local journalistic publication" means a print, broadcast or digital publication:

(a) That is published by a nonprofit news organization described in section 501(c)(3) of the Internal Revenue Code that is exempt from income tax under section 501(a) of the Internal Revenue Code; or

(b)(A) That has as primary content news and current events coverage that is original content derived from primary sources;

(B) That primarily serves a regional or local community;

(C) The publisher of which employs at least one person other than independent contractors who is a local journalist and resides in the regional or local community; and

(D) The publisher of which employs not more than _____ persons.

SECTION 3. (1) A credit against the taxes otherwise due under ORS chapter 316, or, if the taxpayer is a corporation, under ORS chapter 317 or 318, shall be allowed in the amount of total monetary contributions made to publishers of local journalistic publications during the tax year.

(2) A taxpayer may not claim the credit allowed under this section if the taxpayer has federal adjusted gross income in excess of \$150,000 on a joint return or \$75,000 on any other type of return.

(3) If a taxpayer claims a credit under this section, there shall be added to federal taxable income the amount that otherwise would be taken into account as a charitable contribution deduction for a contribution to a local journalistic publication, pursuant to section 170 of the Internal Revenue Code.

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 **(4) The credit allowed under this section in one tax year may not exceed the tax liability**
2 **of the taxpayer.**

3 **(5) Any tax credit otherwise allowable under this section that is not used by the taxpayer**
4 **in a particular year may be carried forward and offset against the taxpayer's tax liability for**
5 **the next succeeding tax year. Any credit remaining unused in the next succeeding tax year**
6 **may be carried forward and used in the second succeeding tax year, and likewise, any credit**
7 **not used in that second succeeding tax year may be carried forward and used in the third**
8 **succeeding tax year, but may not be carried forward for any tax year thereafter.**

9 **(6) If a change in the taxable year of the taxpayer occurs as described in ORS 314.085,**
10 **or if the Department of Revenue terminates the taxpayer's taxable year under ORS 314.440,**
11 **the credit allowed under this section shall be prorated or computed in a manner consistent**
12 **with ORS 314.085.**

13 **SECTION 4.** ORS 314.772, as amended by section 11, chapter 34, Oregon Laws 2022, and section
14 15, chapter 115, Oregon Laws 2022, is amended to read:

15 314.772. (1) Except as provided in ORS 314.766 (5)(b), the tax credits allowed or allowable to a
16 C corporation for purposes of ORS chapter 317 or 318 shall not be allowed to an S corporation. The
17 business tax credits allowed or allowable for purposes of ORS chapter 316 shall be allowed or are
18 allowable to the shareholders of the S corporation.

19 (2) In determining the tax imposed under ORS chapter 316, as provided under ORS 314.763, on
20 income of the shareholder of an S corporation, there shall be taken into account the shareholder's
21 pro rata share of business tax credit (or item thereof) that would be allowed to the corporation (but
22 for subsection (1) of this section) or recapture or recovery thereof. The credit (or item thereof), re-
23 capture or recovery shall be passed through to shareholders in pro rata shares as determined in the
24 manner prescribed under section 1377(a) of the Internal Revenue Code.

25 (3) The character of any item included in a shareholder's pro rata share under subsection (2)
26 of this section shall be determined as if such item were realized directly from the source from which
27 realized by the corporation, or incurred in the same manner as incurred by the corporation.

28 (4) If the shareholder is a nonresident and there is a requirement applicable for the business tax
29 credit that in the case of a nonresident the credit be allowed in the proportion provided in ORS
30 316.117, then that provision shall apply to the nonresident shareholder.

31 (5) As used in this section, "business tax credit" means the following credits: ORS 315.104
32 (forestation and reforestation), ORS 315.138 (fish screening, by-pass devices, fishways), ORS 315.141
33 (biomass production for biofuel), ORS 315.156 (crop gleaning), ORS 315.164 and 315.169 (agriculture
34 workforce housing), ORS 315.176 (bovine manure), ORS 315.204 (dependent care assistance), ORS
35 315.208 (dependent care facilities), ORS 315.213 (contributions for child care), ORS 315.237 (employee
36 and dependent scholarships), ORS 315.271 (individual development accounts), ORS 315.304 (pollution
37 control facility), ORS 315.326 (renewable energy development contributions), ORS 315.331 (energy
38 conservation projects), ORS 315.336 (transportation projects), ORS 315.341 (renewable energy re-
39 source equipment manufacturing facilities), ORS 315.354 and 469B.151 (energy conservation facili-
40 ties), ORS 315.506 (tribal taxes on reservation enterprise zones and reservation partnership zones),
41 ORS 315.507 (electronic commerce), ORS 315.514 (film production development contributions), ORS
42 315.523 (employee training programs), ORS 315.533 (low income community jobs initiative), ORS
43 315.593 (short line railroads), ORS 315.640 (university venture development funds), ORS 315.643
44 (Opportunity Grant Fund contributions), ORS 315.675 (Trust for Cultural Development Account
45 contributions), ORS 317.097 (loans for affordable housing), ORS 317.124 (long term enterprise zone

1 facilities), ORS 317.147 (loans for agriculture workforce housing), ORS 317.152 (qualified research
 2 expenses) and ORS 317.154 (alternative qualified research expenses) and section 9, chapter 774,
 3 Oregon Laws 2013 (alternative fuel vehicle contributions), section 2, chapter 34, Oregon Laws 2022
 4 (small forest option), and section 8, chapter 115, Oregon Laws 2022 (agricultural overtime pay), **and**
 5 **section 3 of this 2023 Act (contributions for local journalism).**

6 **SECTION 5.** ORS 318.031, as amended by section 12, chapter 34, Oregon Laws 2022, and section
 7 16, chapter 115, Oregon Laws 2022, is amended to read:

8 318.031. It being the intention of the Legislative Assembly that this chapter and ORS chapter
 9 317 shall be administered as uniformly as possible (allowance being made for the difference in im-
 10 position of the taxes), ORS 305.140 and 305.150, ORS chapter 314 and the following sections are in-
 11 corporated into and made a part of this chapter: ORS 315.104, 315.141, 315.156, 315.176, 315.204,
 12 315.208, 315.213, 315.304, 315.326, 315.331, 315.336, 315.506, 315.507, 315.523, 315.533, 315.593 and
 13 315.643 and section 2, chapter 34, Oregon Laws 2022, and section 8, chapter 115, Oregon Laws 2022,
 14 **and section 3 of this 2023 Act** (all only to the extent applicable to a corporation) and ORS chapter
 15 317.

16 **SECTION 6.** Sections 2 and 3 of this 2023 Act apply to tax years beginning on or after
 17 January 1, 2024, and before January 1, 2028.

18 **SECTION 7.** (1) The Oregon Department of Administrative Services shall issue one-time
 19 grants to the entities described in subsection (2) of this section. The department shall exe-
 20 cute grant agreements with the recipients obligating the recipients to use grant moneys for
 21 purposes related to supporting Oregonians' local news and information needs.

22 (2) Grants under this section must be made to:

- 23 (a) The University of Oregon for the Agora Journalism Center; and
- 24 (b) The Fund for Oregon Rural Journalism.

25 **SECTION 8.** In addition to and not in lieu of any other appropriation, there is appropri-
 26 ated to the Oregon Department of Administrative Services, for the biennium beginning July
 27 1, 2023, out of the General Fund, the amount of \$___ to carry out the provisions of section
 28 7 of this 2023 Act for the recipient described in section 7 (2)(a) of this 2023 Act.

29 **SECTION 9.** In addition to and not in lieu of any other appropriation, there is appropri-
 30 ated to the Oregon Department of Administrative Services, for the biennium beginning July
 31 1, 2023, out of the General Fund, the amount of \$___ to carry out the provisions of section
 32 7 of this 2023 Act for the recipient described in section 7 (2)(b) of this 2023 Act.

33 _____