

# House Bill 3010

Sponsored by Representatives NATHANSON, SANCHEZ; Representatives HUDSON, RUIZ (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**.

Limits, for purposes of personal income taxation, amount of allowed mortgage interest deduction. Applies to tax years beginning on or after January 1, 2024, and before January 1, 2028.

Establishes Oregon First-Time Home Buyer Account. Transfers amount equal to 50 percent of estimated increase in revenue attributable to restriction on deduction of mortgage interest to account.

Establishes credit against personal income taxes for percentage of purchase price of home purchased by first-time home buyer. Applies to tax years beginning on or after January 1, 2024, and before January 1, 2028.

Establishes Task Force on First-Time Ownership. Requires task force to report findings and recommendations to interim committee of Legislative Assembly related to revenue on or before September 15, 2024.

Sunsetts task force December 31, 2024.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to first-time home ownership; creating new provisions; amending ORS 316.695; and pre-  
3 scribing an effective date.

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

5 **SECTION 1.** ORS 316.695, as amended by section 10, chapter 97, Oregon Laws 2022, is amended  
6 to read:

7 316.695. (1) In addition to the modifications to federal taxable income contained in this chapter,  
8 there shall be added to or subtracted from federal taxable income:

9 (a) If, in computing federal income tax for a tax year, the taxpayer deducted itemized deductions,  
10 as defined in section 63(d) of the Internal Revenue Code, the taxpayer shall add the amount of  
11 itemized deductions deducted (the itemized deductions less an amount, if any, by which the itemized  
12 deductions are reduced under section 68 of the Internal Revenue Code).

13 (b) If, in computing federal income tax for a tax year, the taxpayer deducted the standard de-  
14 duction, as defined in section 63(c) of the Internal Revenue Code, the taxpayer shall add the amount  
15 of the standard deduction deducted.

16 (c)(A) From federal taxable income there shall be subtracted the larger of (i) the taxpayer's  
17 itemized deductions or (ii) a standard deduction. Except as provided in subsection (8) of this section,  
18 for purposes of this subparagraph, "standard deduction" means the sum of the basic standard de-  
19 duction and the additional standard deduction.

20 (B) For purposes of subparagraph (A) of this paragraph, the basic standard deduction is:

21 (i) \$3,280, in the case of joint return filers or a surviving spouse;

22 (ii) \$1,640, in the case of an individual who is not a married individual and is not a surviving  
23 spouse;

24 (iii) \$1,640, in the case of a married individual who files a separate return; or

25 (iv) \$2,640, in the case of a head of household.

**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 (C)(i) For purposes of subparagraph (A) of this paragraph for tax years beginning on or after  
 2 January 1, 2003, the Department of Revenue shall annually recompute the basic standard deduction  
 3 for each category of return filer listed under subparagraph (B) of this paragraph. The basic standard  
 4 deduction shall be computed by dividing the monthly averaged U.S. City Average Consumer Price  
 5 Index for the 12 consecutive months ending August 31 of the prior calendar year by the average  
 6 U.S. City Average Consumer Price Index for the second quarter of 2002, then multiplying that quo-  
 7 tient by the amount listed under subparagraph (B) of this paragraph for each category of return  
 8 filer.

9 (ii) If any change in the maximum household income determined under this subparagraph is not  
 10 a multiple of \$5, the increase shall be rounded to the next lower multiple of \$5.

11 (iii) As used in this subparagraph, "U.S. City Average Consumer Price Index" means the U.S.  
 12 City Average Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau  
 13 of Labor Statistics of the United States Department of Labor.

14 (D) For purposes of subparagraph (A) of this paragraph, the additional standard deduction is the  
 15 sum of each additional amount to which the taxpayer is entitled under subsection (7) of this section.

16 (E) As used in subparagraph (B) of this paragraph, "surviving spouse" and "head of household"  
 17 have the meanings given those terms in section 2 of the Internal Revenue Code.

18 (F) In the case of the following, the standard deduction referred to in subparagraph (A) of this  
 19 paragraph shall be zero:

20 (i) One of the spouses in a marriage filing a separate return where the other spouse has claimed  
 21 itemized deductions under subparagraph (A) of this paragraph;

22 (ii) A nonresident noncitizen;

23 (iii) An individual making a return for a period of less than 12 months on account of a change  
 24 in the individual's annual accounting period;

25 (iv) An estate or trust;

26 (v) A common trust fund; or

27 (vi) A partnership.

28 (d) For the purposes of paragraph (c)(A) of this subsection, the taxpayer's itemized deductions  
 29 are the amount of the taxpayer's itemized deductions as defined in section 63(d) of the Internal Re-  
 30 venue Code (reduced, if applicable, as described under section 68 of the Internal Revenue Code)  
 31 minus:

32 **(A)** The deduction for Oregon income tax (reduced, if applicable, by the proportion that the re-  
 33 duction in federal itemized deductions resulting from section 68 of the Internal Revenue Code bears  
 34 to the amount of federal itemized deductions as defined for purposes of section 68 of the Internal  
 35 Revenue Code)[.]; **and**

36 **(B) That portion of the deduction for qualified residence interest that exceeds \$\_\_\_\_\_.**

37 (2)(a) There shall be subtracted from federal taxable income any portion of the distribution of  
 38 a pension, profit-sharing, stock bonus or other retirement plan, representing that portion of contri-  
 39 butions which were taxed by the State of Oregon but not taxed by the federal government under  
 40 laws in effect for tax years beginning prior to January 1, 1969, or for any subsequent year in which  
 41 the amount that was contributed to the plan under the Internal Revenue Code was greater than the  
 42 amount allowed under this chapter.

43 (b) Interest or other earnings on any excess contributions of a pension, profit-sharing, stock  
 44 bonus or other retirement plan not permitted to be deducted under paragraph (a) of this subsection  
 45 may not be added to federal taxable income in the year earned by the plan and may not be sub-

1 tracted from federal taxable income in the year received by the taxpayer.

2 (3)(a) Except as provided in subsection (4) of this section, there shall be added to federal taxable  
 3 income the amount of any federal income taxes in excess of the amount provided in paragraphs (b)  
 4 to (d) of this subsection, accrued by the taxpayer during the tax year as described in ORS 316.685,  
 5 less the amount of any refund of federal taxes previously accrued for which a tax benefit was re-  
 6 ceived.

7 (b) The limits applicable to this subsection are:

8 (A) \$5,500, if the federal adjusted gross income of the taxpayer for the tax year is less than  
 9 \$125,000, or, if reported on a joint return, less than \$250,000.

10 (B) \$4,400, if the federal adjusted gross income of the taxpayer for the tax year is \$125,000 or  
 11 more and less than \$130,000, or, if reported on a joint return, \$250,000 or more and less than  
 12 \$260,000.

13 (C) \$3,300, if the federal adjusted gross income of the taxpayer for the tax year is \$130,000 or  
 14 more and less than \$135,000, or, if reported on a joint return, \$260,000 or more and less than  
 15 \$270,000.

16 (D) \$2,200, if the federal adjusted gross income of the taxpayer for the tax year is \$135,000 or  
 17 more and less than \$140,000, or, if reported on a joint return, \$270,000 or more and less than  
 18 \$280,000.

19 (E) \$1,100, if the federal adjusted gross income of the taxpayer for the tax year is \$140,000 or  
 20 more and less than \$145,000, or, if reported on a joint return, \$280,000 or more and less than  
 21 \$290,000.

22 (c) If the federal adjusted gross income of the taxpayer is \$145,000 or more for the tax year, or,  
 23 if reported on a joint return, \$290,000 or more, the limit is zero and the taxpayer is not allowed a  
 24 subtraction for federal income taxes under ORS 316.680 (1) for the tax year.

25 (d) In the case of spouses in a marriage filing separate tax returns, the amount added shall be  
 26 in the amount of any federal income taxes in excess of 50 percent of the amount provided for indi-  
 27 vidual taxpayers under paragraphs (a) to (c) of this subsection, less the amount of any refund of  
 28 federal taxes previously accrued for which a tax benefit was received.

29 (e) For purposes of this subsection, the limits applicable to a joint return shall apply to a head  
 30 of household or a surviving spouse, as defined in section 2(a) and (b) of the Internal Revenue Code.

31 (f)(A) For a calendar year beginning on or after January 1, 2008, the Department of Revenue  
 32 shall make a cost-of-living adjustment to the federal income tax threshold amounts described in  
 33 paragraphs (b) and (d) of this subsection.

34 (B) The cost-of-living adjustment for a calendar year is the percentage by which the monthly  
 35 averaged U.S. City Average Consumer Price Index for the 12 consecutive months ending August 31  
 36 of the prior calendar year exceeds the monthly averaged index for the period beginning September  
 37 1, 2005, and ending August 31, 2006.

38 (C) As used in this paragraph, "U.S. City Average Consumer Price Index" means the U.S. City  
 39 Average Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau of  
 40 Labor Statistics of the United States Department of Labor.

41 (D) If any adjustment determined under subparagraph (B) of this paragraph is not a multiple of  
 42 \$50, the adjustment shall be rounded to the next lower multiple of \$50.

43 (E) The adjustment shall apply to all tax years beginning in the calendar year for which the  
 44 adjustment is made.

45 (4)(a) In addition to the adjustments required by ORS 316.130, a full-year nonresident individual

1 shall add to taxable income a proportion of any accrued federal income taxes as computed under  
2 ORS 316.685 in excess of the amount provided in subsection (3) of this section in the proportion  
3 provided in ORS 316.117.

4 (b) In the case of spouses in a marriage filing separate tax returns, the amount added under this  
5 subsection shall be computed in a manner consistent with the computation of the amount to be  
6 added in the case of spouses in a marriage filing separate returns under subsection (3) of this sec-  
7 tion. The method of computation shall be determined by the Department of Revenue by rule.

8 (5) Subsections (3)(d) and (4)(b) of this section shall not apply to married individuals living apart  
9 as defined in section 7703(b) of the Internal Revenue Code.

10 (6)(a) For tax years beginning on or after January 1, 1981, and prior to January 1, 1983, income  
11 or loss taken into account in determining federal taxable income by a shareholder of an S corpo-  
12 ration pursuant to sections 1373 to 1375 of the Internal Revenue Code shall be adjusted for purposes  
13 of determining Oregon taxable income, to the extent that as income or loss of the S corporation,  
14 they were required to be adjusted under the provisions of ORS chapter 317.

15 (b) For tax years beginning on or after January 1, 1983, items of income, loss or deduction taken  
16 into account in determining federal taxable income by a shareholder of an S corporation pursuant  
17 to sections 1366 to 1368 of the Internal Revenue Code shall be adjusted for purposes of determining  
18 Oregon taxable income, to the extent that as items of income, loss or deduction of the shareholder  
19 the items are required to be adjusted under the provisions of this chapter.

20 (c) The tax years referred to in paragraphs (a) and (b) of this subsection are those of the S  
21 corporation.

22 (d) As used in paragraph (a) of this subsection, an S corporation refers to an electing small  
23 business corporation.

24 (7)(a) The taxpayer shall be entitled to an additional amount, as referred to in subsection  
25 (1)(c)(A) and (D) of this section, of \$1,000:

26 (A) For the taxpayer if the taxpayer has attained age 65 before the close of the taxpayer's tax  
27 year; and

28 (B) For the spouse of the taxpayer if the spouse has attained age 65 before the close of the tax  
29 year and an additional exemption is allowable to the taxpayer for such spouse for federal income  
30 tax purposes under section 151(b) of the Internal Revenue Code.

31 (b) The taxpayer shall be entitled to an additional amount, as referred to in subsection (1)(c)(A)  
32 and (D) of this section, of \$1,000:

33 (A) For the taxpayer if the taxpayer is blind at the close of the tax year; and

34 (B) For the spouse of the taxpayer if the spouse is blind as of the close of the tax year and an  
35 additional exemption is allowable to the taxpayer for such spouse for federal income tax purposes  
36 under section 151(b) of the Internal Revenue Code. For purposes of this subparagraph, if the spouse  
37 dies during the tax year, the determination of whether such spouse is blind shall be made imme-  
38 diately prior to death.

39 (c) In the case of an individual who is not married and is not a surviving spouse, paragraphs (a)  
40 and (b) of this subsection shall be applied by substituting "\$1,200" for "\$1,000."

41 (d) For purposes of this subsection, an individual is blind only if the individual's central visual  
42 acuity does not exceed 20/200 in the better eye with correcting lenses, or if the individual's visual  
43 acuity is greater than 20/200 but is accompanied by a limitation in the fields of vision such that the  
44 widest diameter of the visual field subtends an angle no greater than 20 degrees.

45 (8) In the case of an individual with respect to whom a deduction under section 151 of the

1 Internal Revenue Code is allowable for federal income tax purposes to another taxpayer for a tax  
2 year beginning in the calendar year in which the individual's tax year begins, the basic standard  
3 deduction (referred to in subsection (1)(c)(B) of this section) applicable to such individual for such  
4 individual's tax year shall equal the lesser of:

5 (a) The amount allowed to the individual under section 63(c)(5) of the Internal Revenue Code for  
6 federal income tax purposes for the tax year for which the deduction is being claimed; or

7 (b) The amount determined under subsection (1)(c)(B) of this section.

8 **SECTION 2.** Section 3 of this 2023 Act is added to and made a part of ORS chapter 315.

9 **SECTION 3.** (1) As used in this section, "first-time home buyer" has the meaning given  
10 that term in ORS 316.796.

11 (2) There is allowed a credit against the taxes that are otherwise due under ORS chapter  
12 316, in an amount equal to \_\_\_\_\_ percent of the purchase price of a home that is purchased  
13 by, and used as the principal residence of, a first-time home buyer.

14 (3) For a taxpayer to be eligible to claim a credit under this section:

15 (a) The taxpayer must occupy the home at least 360 days of the tax year; and

16 (b) The federal adjusted gross income of the taxpayer may not exceed \$150,000 on a joint  
17 return or \$100,000 on any other type of return.

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

20 (5) Any tax credit otherwise allowable under this section that is not used by the taxpayer  
21 in a particular year may be carried forward and offset against the taxpayer's tax liability for  
22 the next succeeding tax year. Any credit remaining unused in the next succeeding tax year  
23 may be carried forward and used in the second succeeding tax year, and likewise, any credit  
24 not used in that second succeeding tax year may be carried forward and used in the third  
25 succeeding tax year, but may not be carried forward for any tax year thereafter.

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

30 **SECTION 4.** Section 3 of this 2023 Act and the amendments to ORS 316.695 by section 1  
31 of this 2023 Act apply to tax years beginning on or after January 1, 2024, and before January  
32 1, 2028.

33 **SECTION 5.** On or before December 31 of each year, beginning with December 31, 2025,  
34 the Department of Revenue shall:

35 (1) For tax years beginning on or after January 1 of the preceding year and ending before  
36 January 1 of the current year, estimate the increase, if any, in the amount of personal in-  
37 come tax revenue received by the department that is attributable to the amendments to ORS  
38 316.695 by section 1 of this 2023 Act; and

39 (2) Transfer an amount equal to 50 percent of the amount of the estimate required under  
40 subsection (1) of this section to the Oregon Housing Fund created under ORS 458.620, to be  
41 credited to the Oregon First-Time Home Buyer Account established in section 7 of this 2023  
42 Act.

43 **SECTION 6.** Sections 7 and 8 of this 2023 Act are added to and made a part of ORS  
44 chapter 458.

45 **SECTION 7.** The Oregon First-Time Home Buyer Account is established in the State

1 Treasury, separate and distinct from the General Fund. Moneys in the Oregon First-Time  
2 Home Buyer Account are continuously appropriated to the Housing and Community Services  
3 Department to carry out the purposes of section 8 of this 2023 Act.

4 **SECTION 8.** The Oregon First-Time Home Buyer Account shall be administered by the  
5 Housing and Community Services Department to fund assistance with initial costs of home  
6 purchases for first-time home buyers.

7 **SECTION 9.** (1) The Task Force on First-Time Ownership is established.

8 (2) The task force consists of 13 members appointed as follows:

9 (a) The President of the Senate shall appoint two members from among members of the  
10 Senate.

11 (b) The Speaker of the House of Representatives shall appoint two members from among  
12 members of the House of Representatives.

13 (c) The Governor shall appoint:

14 (A) One member to represent banks.

15 (B) One member to represent credit unions.

16 (C) One member to represent homebuilders.

17 (D) One member to represent realtors.

18 (E) One member to represent a community development financial institution located in  
19 Oregon.

20 (F) One member to represent a rurally based nonprofit organization experienced with  
21 administering down payment assistance or individual development accounts.

22 (G) One member to represent a coastal nonprofit organization experienced with admin-  
23 istering down payment assistance or individual development accounts.

24 (H) One member to represent a culturally specific organization working with first-time  
25 home buyers.

26 (I) One member to represent an organization working with people of low income, Black,  
27 Indigenous or People of Color, members of tribal communities, people with disabilities, youth,  
28 people from rural communities and people from otherwise disadvantaged communities.

29 (3) The task force shall study methods for providing assistance with initial financial re-  
30 quirements for first-time home buyers, focused on down payment and closing costs. The task  
31 force shall study:

32 (a) The feasibility of providing assistance for home purchases through grants, loans or  
33 forgivable loans made to first-time home buyers.

34 (b) Potential methods for providing assistance, such as through public agencies, nonprofit  
35 organizations, the private sector and public-private sector partnerships.

36 (c) The optimal role for the nonprofit sector, public and private sectors.

37 (d) The potential costs to administer a program providing assistance to first-time home  
38 buyers.

39 (4) The task force may consult with experts, hear testimony from affected persons and  
40 collect data and information necessary to carry out the task force's duties.

41 (5) A majority of the voting members of the task force constitutes a quorum for the  
42 transaction of business.

43 (6) Official action by the task force requires the approval of a majority of the voting  
44 members of the task force.

45 (7) The task force shall elect one of its members to serve as chairperson.

1 (8) If there is a vacancy for any cause, the appointing authority shall make an appoint-  
2 ment to become immediately effective.

3 (9) The task force shall meet at times and places specified by the call of the chairperson  
4 or of a majority of the voting members of the task force.

5 (10) The task force may adopt rules necessary for the operation of the task force.

6 (11) The task force shall submit a report in the manner provided by ORS 192.245, and  
7 may include recommendations for legislation, to an interim committee of the Legislative  
8 Assembly related to revenue no later than September 15, 2024.

9 (12) The Legislative Revenue Officer shall provide staff support to the task force.

10 (13) Members of the Legislative Assembly appointed to the task force are nonvoting  
11 members of the task force and may act in an advisory capacity only.

12 (14) Members of the task force who are not members of the Legislative Assembly are not  
13 entitled to compensation or reimbursement for expenses and serve as volunteers on the task  
14 force.

15 (15) All agencies of state government, as defined in ORS 174.111, are directed to assist  
16 the task force in the performance of the duties of the task force and, to the extent permitted  
17 by laws relating to confidentiality, to furnish information and advice the members of the task  
18 force consider necessary to perform their duties.

19 SECTION 10. Section 9 of this 2023 Act is repealed on December 31, 2024.

20 SECTION 11. This 2023 Act takes effect on the 91st day after the date on which the 2023  
21 regular session of the Eighty-second Legislative Assembly adjourns sine die.  
22