

SB 500 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

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Meeting Dates: 2/5

WHAT THE MEASURE DOES:

Creates personal and corporate income tax credit available to taxpayers that newly construct single-family dwelling units in Oregon that are sold for a qualified price to a qualified purchaser. Defines qualified price as price that is affordable to a household with an annual income at or below 120 percent of area median income. Defines qualified purchaser as individual whose household income is at or below 120 percent of area median income. Specifies credit is equal to fifty percent of eligible costs incurred in constructing qualified property or tax liability of taxpayer, whichever is less. Allows unused credit amounts to be carried forward for up to three years and specifies instances when credit may be transferred. Limits annual amount of credit to no more than \$5 million and requires at minimum 35 percent of all credits to be allowed for properties located in counties with a population less than 125,000. Requires Housing and Community Services Department to determine eligibility and issue credit certifications. Limits, for eleven years following initial sale, resale of an eligible property to an eligible owner for an eligible price. Applies to tax years beginning on or after January 1, 2026, and before January 1, 2032. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

While not specifically defined in the measure, area median income (AMI) is defined as the midpoint of a specific area's income distribution. The U.S. Department of Housing and Urban Development (HUD) determines AMI, and such amounts are often used in determining housing eligibility for housing programs with income qualification requirements. While AMI is often determined for a four-person household, AMI amounts can be adjusted to reflect differences in household size. Area of consideration can also influence AMI determination. For example, according to HUD, in 2024 statewide median family income in Oregon was \$99,200 as compared to \$75,700 in Curry County and \$116,900 in the Portland-Vancouver-Hillsboro MSA. According to HUD, households who spend more than 30 percent of income on housing costs are considered to be cost burdened. As of 2024, the following counties had populations greater than 125,000: Multnomah, Washington, Clackamas, Lane, Marion, Jackson, Deschutes, and Linn.