

HB 2087 -2 STAFF MEASURE SUMMARY

House Committee On Revenue

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 3/11, 6/24

WHAT THE MEASURE DOES:

Requires the Legislative Revenue Officer to study the personal income tax system. Requires report to be submitted to the Legislature no later than December 1, 2026.

ISSUES DISCUSSED:

- Overview of introduced version and contents of amendment.

EFFECT OF AMENDMENT:

-2 Replaces content of measure.

Extends and/or modifies twelve tax expenditures affecting personal and corporate income taxes, the weight-mile tax, or fuel taxes. Extends the sunsets of the following tax expenditures by six years (from 2026 to 2032) without making any additional policy changes: **earned income** tax credit, **pension income** credit, **manufactured dwelling park closure** credit, **manufactured dwelling park capital gains** subtraction, and **vehicle used for testing emissions** tax exemption. The sunset of the **first time homebuyer savings account** subtraction is extended by five years (from 2027 to 2032). Extends the sunset of the **crop donation** tax credit by six years, from January 1, 2026, to January 1, 2032. Applicable to tax years 2025 and later, increases value of the crop donation tax credit from 15 percent of wholesale value of the crop donated to 25 percent. Increases the tax credit allowed to **rural volunteer emergency medical services (EMS) providers** from \$250 per tax year to \$1,000 and makes changes applicable to tax years 2026 and later. Extends sunset of EMS credit by two years, from January 1, 2028, to January 1, 2030. Expands qualification of **affordable housing lenders** tax credit. Adds 'qualified mortgage loan fund' to the definition of qualified loan and loan eligibility. Expands loan eligibility to include loan proceeds used to finance preservation or rehabilitation of housing in financial or physical distress that is certified by the Housing and Community Services Department and is or will be occupied by households earning 80 percent or less of area median income. Aligns statutory language with the existing sunset of the tax credit. Changes to affordable housing lenders tax credit apply to tax years beginning on or after January 1, 2026. Increases the total annual amount of tax credits auctioned for the purpose of generating proceeds to be deposited to the **Oregon Production Investment Fund (OPIF)**. The limits are increased from \$20.0 million to \$20.6 million for auction(s) held in fiscal year 2025-26, and to \$21.2 million for auction(s) held in fiscal years 2026-27 and later. Increases the aggregate limit on amount of tax credits allowed to all taxpayers in any tax year for donations made to the state-selected fiduciary agency for use in providing funding to **Individual Development Accounts (IDA)**. Limits are increased from \$7.5 million to \$7.7M in 2025, and to \$8.0M in tax years 2026 and later. Takes effect on the 91st day following adjournment sine die.

BACKGROUND:

Measure as amended makes changes to twelve existing tax expenditures and is a General Fund tax expenditure omnibus measure of 2025. The measure extends the sunsets of three tax credits, two subtractions, and two transportation related exemptions without otherwise making policy changes. Two income tax credits are being expanded and having their sunsets extended. Three income tax credits are being expanded without changes being made to their respective sunsets.