

House Bill 2339

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Governor Tina Kotek for Department of Revenue)

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**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act would make certain changes to the tax laws of this state. (Flesch Readability Score: 96.0).

Makes changes to certain tax laws.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to changes to the tax laws of this state; creating new provisions; amending ORS 291.349,
3 305.025, 305.170, 315.133, 315.273, 321.751, 321.754, 327.011, 327.019, 327.061, 408.505, 475A.702
4 and 475C.714; repealing ORS 291.351, 311.175 and 311.183; and prescribing an effective date.

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

6 **SECTION 1.** ORS 321.751 is amended to read:

7 321.751. (1) The Western Oregon Timber Severance Tax Fund is established in the State Treas-
8 ury, separate and distinct from the General Fund. Interest earned by the Western Oregon Timber
9 Severance Tax Fund shall be retained by the Western Oregon Timber Severance Tax Fund.

10 (2) Moneys are continuously appropriated from the Western Oregon Timber Severance Tax Fund
11 for use in reimbursing the General Fund for expenses incurred in the collection of taxes imposed
12 under ORS 321.700 to 321.754.

13 (3) A working balance may be retained in the Western Oregon Timber Severance Tax Fund for
14 the payment of expenses described in subsection (2) of this section. The balance of the Western
15 Oregon Timber Severance Tax Fund, as of [*May*] **June** 1 of each calendar year, shall be distributed
16 as follows:

17 (a) 60.5 percent to the State School Fund established under ORS 327.008. A distribution made
18 under this paragraph shall be made on or before [*May*] **June** 15 of the year.

19 (b) 4.5 percent to the Community College Support Fund established under ORS 341.620. A dis-
20 tribution made under this paragraph shall be made on or before [*May*] **June** 15 of the year.

21 (c) 35 percent to the Department of Revenue for further distribution to the counties of this state
22 that are located in western Oregon. Moneys distributed to the department under this paragraph are
23 continuously appropriated to the department for the purpose of making the payments to counties
24 described in this paragraph. A distribution to the department made under this paragraph shall be
25 made on or before August 15 of the year. Each county's share of the distribution made under this
26 paragraph shall equal the proportion of the assessed value of all small tract forestland in western
27 Oregon that is located in that county. A distribution made by the department to a county under this
28 paragraph shall be deposited in the county general fund.

29 **SECTION 2.** ORS 321.754 is amended to read:

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.

1 321.754. (1) The Eastern Oregon Timber Severance Tax Fund is established in the State Treas-
2 ury, separate and distinct from the General Fund. Interest earned by the Eastern Oregon Timber
3 Severance Tax Fund shall be retained by the Eastern Oregon Timber Severance Tax Fund.

4 (2) Moneys are continuously appropriated from the Eastern Oregon Timber Severance Tax Fund
5 for use in reimbursing the General Fund for expenses incurred in the collection of taxes imposed
6 under ORS 321.700 to 321.754.

7 (3) A working balance may be retained in the Eastern Oregon Timber Severance Tax Fund for
8 the payment of expenses described in subsection (2) of this section. The balance of the Eastern
9 Oregon Timber Severance Tax Fund, as of [May] **June** 1 of each calendar year, shall be distributed
10 as follows:

11 (a) 60.5 percent to the State School Fund established under ORS 327.008. A distribution made
12 under this paragraph shall be made on or before [May] **June** 15 of the year.

13 (b) 4.5 percent to the Community College Support Fund established under ORS 341.620. A dis-
14 tribution made under this paragraph shall be made on or before [May] **June** 15 of the year.

15 (c) 35 percent to the Department of Revenue for further distribution to the counties of this state
16 that are located in eastern Oregon. Moneys distributed to the department under this paragraph are
17 continuously appropriated to the department for the purpose of making the payments to counties
18 described in this paragraph. A distribution to the department made under this paragraph shall be
19 made on or before August 15 of the year. Each county's share of the distribution made under this
20 paragraph shall equal the proportion of the assessed value of all small tract forestland in eastern
21 Oregon that is located in that county. A distribution made by the department to a county under this
22 paragraph shall be deposited in the county general fund.

23 **SECTION 3. The amendments to ORS 321.751 and 321.754 by sections 1 and 2 of this 2025**
24 **Act apply to calendar years beginning on or after January 1, 2026.**

25 **SECTION 4.** ORS 475C.714 is amended to read:

26 475C.714. (1) The Department of Revenue shall administer and enforce ORS 475C.670 to
27 475C.734. The department is authorized to establish rules and procedures for the implementation and
28 enforcement of ORS 475C.670 to 475C.734 that are consistent with ORS 475C.670 to 475C.734 and
29 that the department considers necessary and appropriate to administer and enforce ORS 475C.670
30 to 475C.734.

31 (2) The Oregon Liquor and Cannabis Commission shall enter into an agreement with the de-
32 partment for the purpose of:

33 (a) Administering and enforcing those provisions of ORS 475C.670 to 475C.734, and rules or
34 procedures established for the purpose of implementing and enforcing ORS 475C.670 to 475C.734,
35 that the commission and the department determine are necessary for the effective and efficient ad-
36 ministration, implementation and enforcement of ORS 475C.670 to 475C.734; **and**

37 (b) **Administering and enforcing taxes imposed under ORS chapters 316, 317, 317A and**
38 **318.**

39 (3) The Oregon Health Authority shall enter into an agreement with the department for the
40 purpose of:

41 (a) Administering and enforcing the provisions of ORS 475C.678, and rules or procedures es-
42 tablished for the purpose of implementing and enforcing ORS 475C.678, that the authority and the
43 department determine are necessary for the effective and efficient administration, implementation
44 and enforcement of ORS 475C.678; **and**

45 (b) **Administering and enforcing taxes imposed under ORS chapters 316, 317, 317A and**

1 **318.**

2 **SECTION 5.** ORS 475A.702 is amended to read:

3 475A.702. Duties and powers of Department of Revenue; rules; interagency cooperation. (1) The
 4 Department of Revenue shall administer and enforce ORS 475A.658 to 475A.714. The department is
 5 authorized to establish rules and procedures for the implementation and enforcement of ORS
 6 475A.658 to 475A.714 that are consistent with ORS 475A.658 to 475A.714 and that the department
 7 considers necessary and appropriate to administer and enforce ORS 475A.658 to 475A.714.

8 (2) The Oregon Health Authority shall enter into an agreement with the department for the
 9 purpose of:

10 (a) Administering and enforcing those provisions of ORS 475A.658 to 475A.714, and rules or
 11 procedures established for the purpose of implementing and enforcing ORS 475A.658 to 475A.714,
 12 that the authority and the department determine are necessary for the effective and efficient ad-
 13 ministration, implementation and enforcement of ORS 475A.658 to 475A.714; **and**

14 (b) **Administering and enforcing taxes imposed under ORS chapters 316, 317, 317A and**
 15 **318.**

16 **SECTION 6. ORS 291.351 is repealed.**

17 **SECTION 7.** ORS 291.349, as amended by section 27, chapter 52, Oregon Laws 2024, is amended
 18 to read:

19 291.349. (1) As soon as practicable after adjournment sine die of the odd-numbered year regular
 20 session of the Legislative Assembly, the Oregon Department of Administrative Services shall report
 21 to the Legislative Revenue Officer and the Legislative Fiscal Officer the estimate as of July 1 of the
 22 first year of the biennium of General Fund and State Lottery Fund revenues that will be received
 23 by the state during that biennium. The Oregon Department of Administrative Services shall base its
 24 estimate on the last forecast given to the Legislative Assembly before adjournment sine die of the
 25 odd-numbered year regular session on which the printed, adopted budget prepared in the Oregon
 26 Department of Administrative Services is based, adjusted only insofar as necessary to reflect
 27 changes in laws adopted at that session. The report shall contain the estimated revenues from cor-
 28 porate income and excise taxes separately from the estimated revenues from other General Fund
 29 sources. The Oregon Department of Administrative Services may revise the estimate if necessary
 30 following adjournment sine die of a special session or an even-numbered year regular session of the
 31 Legislative Assembly, but any revision does not affect the basis of the computation described in
 32 subsection (3) or (4) of this section.

33 (2) As soon as practicable after the end of the biennium, the Oregon Department of Adminis-
 34 trative Services shall report to the Legislative Revenue Officer and the Legislative Fiscal Officer,
 35 or the Legislative Assembly if it is in session, the amount of General Fund revenues collected as
 36 of the last June 30 of the preceding biennium. The report shall contain the collections from corpo-
 37 rate income and excise taxes separately from collections from other sources.

38 (3) If the revenues received from the corporate income and excise taxes during the biennium
 39 exceed the amounts estimated to be received from such taxes for the biennium, as estimated after
 40 adjournment sine die of the odd-numbered year regular session, by two percent or more, the total
 41 amount of that excess shall be retained in the General Fund and used, in the manner described in
 42 ORS 291.345, to provide additional funding for public education, kindergarten through grade 12.

43 (4) If the revenues received from General Fund revenue sources, exclusive of those described in
 44 subsection (3) of this section, during the biennium exceed the amounts estimated to be received from
 45 such sources for the biennium, as estimated after adjournment sine die of the odd-numbered year

1 regular session, by two percent or more, there shall be credited to personal income taxpayers an
2 amount equal to the total amount of that excess[, *reduced by the cost certified by the Department of*
3 *Revenue under ORS 291.351 as being allocable to credits described under this subsection*]. The excess
4 amount to be credited shall be credited to personal income taxpayers in a percentage amount of
5 prior year personal income tax liability as determined under subsection (5) of this section.

6 (5)(a) If there is an excess to be credited under subsection (4) of this section, on or before No-
7 vember 1, following the end of each biennium, the Oregon Department of Administrative Services
8 shall determine and certify to the Department of Revenue the percentage amounts of credit for
9 purposes of subsection (4) of this section. The percentage amounts determined shall be percentage
10 amounts to the nearest one-tenth of a percent that will distribute the excess to be credited to per-
11 sonal income taxpayers.

12 (b) The percentage amount applicable to subsection (4) of this section shall equal the amount
13 distributed under subsection (4) of this section divided by the estimated total personal income tax
14 liability for all personal income taxpayers for tax years beginning in the calendar year immediately
15 preceding the calendar year in which the excess is determined.

16 (c) The amount of the surplus credit under subsection (4) of this section is determined by
17 multiplying the percentage amount determined under paragraph (b) of this subsection by the total
18 amount of a personal income taxpayer's tax liability for the tax year beginning in the calendar year
19 immediately preceding the calendar year in which the excess is determined in order to calculate the
20 amount to be credited to the taxpayer.

21 (d) The credit shall be determined based on the tax liability as shown on the return of the tax-
22 payer or as corrected by the Department of Revenue.

23 (e) The credit shall be computed after the allowance of a credit provided under ORS 316.082,
24 316.131 or 316.292, but before the allowance of any other credit or offset against tax liability allowed
25 or allowable under any provision of law of this state, and before the application of estimated tax
26 payments, withholding or other advance tax payments.

27 (f) For personal income taxpayers, if a credit applied against tax liability as described in para-
28 graph (e) of this subsection reduces tax liability to zero and an amount of the credit remains unused,
29 the remaining unused amount shall be refunded to the taxpayer. For purposes of ORS chapters 305,
30 314, 315 and 316, refunds issued under this paragraph are refunds of an overpayment of tax imposed
31 under ORS chapter 316.

32 (g) The Department of Revenue may prescribe by rule the manner of calculating and claiming
33 a credit if the filing status of a taxpayer changes between the tax year for which a credit may be
34 claimed and the succeeding tax year.

35 (6) A refund may not be made under this section to a taxpayer if the amount of the refund is
36 less than \$1.

37 (7) Not later than November 15 following the end of the biennium, the Department of Revenue
38 shall provide information and guidance to taxpayers relating to the calculation of the credit. The
39 department may make the information and guidance available electronically or otherwise.

40 (8) The Department of Revenue may adopt rules specifying the manner for issuing refunds under
41 this section to taxpayers who filed returns for the tax year on which the credit is computed but who
42 are not required to file returns for the year in which the credit could be claimed.

43 **SECTION 8.** ORS 305.025 is amended to read:

44 305.025. (1) The Department of Revenue is established.

45 (2) The Department of Revenue shall consist of administrative divisions. Each of the adminis-

1 trative divisions of the department shall be headed by an administrator who shall be in the unclas-
 2 sified service under the State Personnel Relations Law and appointed by the Director of the
 3 Department of Revenue. Each administrator shall be well qualified by technical training and expe-
 4 rience in the functions to be performed.

5 (3) The Director of the Department of Revenue, from time to time, may alter or amend the or-
 6 ganization of the department, including its administrative divisions, as the director deems necessary
 7 to achieve the greatest efficiency and economy in its operation.

8 (4) The director, acting in concert with the chief officers of other state agencies charged with
 9 raising revenue, shall use all reasonable means to increase efficiency and economy by coordinating
 10 work and sharing resources with other agencies, including but not limited to the mutual use of field
 11 officers and field auditors. *[With respect to such activity the director shall cause to be prepared a re-*
 12 *port relating to the utilization and coordination of revenue raising functions of the state agencies*
 13 *charged with such responsibility, including but not limited to suggested plans for departmental or*
 14 *governmental reorganization in the revenue raising field. Such report shall be submitted to the Gover-*
 15 *nor and the Legislative Assembly when it next convenes.]*

16 (5) The department shall have an official seal, with the words "Department of Revenue" and
 17 "State of Oregon" and such other design as the director may prescribe. The seal shall be used to
 18 authenticate all papers and proceedings requiring authentication.

19 **SECTION 9.** ORS 305.170 is amended to read:

20 305.170. The Department of Revenue:

21 (1) Shall see that complaints concerning the law may be heard, information as to its effects may
 22 be collected and all proper suggestions as to amendments may be made.

23 *[(2) Shall report to the Legislative Assembly, at each odd-numbered year regular session, the total*
 24 *amount of taxes collected in the state for state, county and municipal purposes.]*

25 *[(3)] (2)* May investigate the tax laws of this and other states and the possible taxable resources
 26 of this state for the purpose of recommending to the legislature methods by which a more just and
 27 equitable system of taxation may be developed.

28 *[(4) Shall recommend to the Legislative Assembly at each odd-numbered year regular session such*
 29 *amendments of the Constitution or laws as may seem necessary to remedy injustice or irregularity in*
 30 *taxation, or to facilitate the assessment and collection of public taxes and revenues.]*

31 **SECTION 10.** ORS 311.175 and 311.183 are repealed.

32 **SECTION 11.** ORS 327.011 is amended to read:

33 327.011. For the purpose of State School Fund distributions for school districts:

34 (1) Local Revenues are the total of the following:

35 (a) The amount of revenue offset against local property taxes as determined by the Department
 36 of Revenue *[under ORS 311.175 (3)(a)(A)]*.

37 (b) The amount of property taxes actually received by the district, including penalties and in-
 38 terest on taxes.

39 (c) The amount of revenue received by the district from the Common School Fund under ORS
 40 327.403 to 327.410.

41 (d) The amount of revenue received by the district from the county school fund.

42 (e) The amount of revenue received by the district from state managed forestlands under ORS
 43 530.115 (1)(b) and (c).

44 (f) Moneys received in lieu of property taxes.

45 (g) Federal funds received without specific application by the school district and that are not

1 deemed under federal law to be nonsupplantable.

2 (h) Any positive amount obtained by subtracting the operating property taxes actually imposed
 3 by the district, based on the rate certified pursuant to ORS 310.060, from the amount that would
 4 have been imposed by the district if the district had certified the maximum rate of operating prop-
 5 erty taxes allowed by law.

6 (i) Any amount distributed to the district in the prior fiscal year under ORS 327.019 (8).

7 (2) Local Revenues do not include:

8 (a) If a school district imposes local option taxes pursuant to ORS 280.040 to 280.145, an amount
 9 equal to the least of:

10 (A) The amount of revenue actually received by the district from local option taxes imposed
 11 pursuant to ORS 280.040 to 280.145;

12 (B) Twenty-five percent of the total received by the school district from the general purpose
 13 grant, the transportation grant and the high cost disabilities grant of the district, as those grants
 14 are calculated under ORS 327.013; or

15 (C) \$2,000 per district extended ADMw, as calculated under ORS 327.013, increased each fiscal
 16 year by three percent above the amount allowed per district extended ADMw for the prior fiscal
 17 year.

18 (b) For a school district with a statutory rate limit on July 1, 2003, that is greater than \$4.50
 19 per \$1,000 of assessed value, the amount of property taxes actually received by the district, includ-
 20 ing penalties and interest on taxes, that results from an increase in the rate of ad valorem property
 21 tax of the district allowed under Article XI, section 11 (5)(d), of the Oregon Constitution.

22 **SECTION 12.** ORS 327.019 is amended to read:

23 327.019. (1) As used in this section:

24 (a) "Education service district extended ADMw" means the sum of the extended ADMw of the
 25 school districts located within the territory of the education service district as computed under ORS
 26 327.013.

27 (b) "Local revenues of an education service district" means the total of the following:

28 (A) The amount of revenue offset against local property taxes as determined by the Department
 29 of Revenue [*under ORS 311.175 (3)(a)(A)*];

30 (B) The amount of property taxes actually received by the district including penalties and in-
 31 terest on taxes;

32 (C) The amount of revenue received by the district from state-managed forestlands under ORS
 33 530.115 (1)(b) and (c); and

34 (D) Any positive amount obtained by subtracting the operating property taxes actually imposed
 35 by the district based on the rate certified pursuant to ORS 310.060 from the amount that would have
 36 been imposed by the district if the district had certified the maximum rate of operating property
 37 taxes allowed by law.

38 (2) Each fiscal year, the Superintendent of Public Instruction shall calculate a State School Fund
 39 grant for each education service district as provided in this section.

40 (3)(a) Each fiscal year, the superintendent shall calculate the total amount appropriated or al-
 41 located to the State School Fund and available for distribution to school districts, education service
 42 districts and programs + total amount of local revenues of all school districts, computed as provided
 43 in ORS 327.011, + total amount of local revenues of all education service districts. The super-
 44 intendent may not include in the calculation under this paragraph amounts received by the De-
 45 partment of Education from the State School Fund under ORS 343.243.

1 (b) The superintendent shall multiply the amount calculated under paragraph (a) of this sub-
2 section by 95.5 percent.

3 (c) Based on the amount calculated under paragraph (b) of this subsection, the superintendent
4 shall calculate a funding percentage to distribute as nearly as practicable under ORS 327.006 to
5 327.133, 327.348 and 327.356 to 327.359 the total amount calculated under paragraph (b) of this sub-
6 section as school district general purpose grants, high cost disabilities grants and transportation
7 grants to school districts.

8 (d) Based on the funding percentage calculated under paragraph (c) of this subsection, the su-
9 perintendent shall calculate the general purpose grant, transportation grant and high cost disabili-
10 ties grant amounts for each school district.

11 (4)(a) The general services grant for an education service district shall equal the higher of:

12 (A) The total amount calculated under subsection (3)(d) of this section for the school districts
13 located within the territory of the education service district $\times (4.5 \div 95.5)$; or

14 (B) \$1,165,000, as adjusted each school year based on the same percentage by which the amount
15 appropriated to the State School Fund for distribution to education service districts is increased or
16 decreased as compared with the amount appropriated for the 2015-2016 school year, if the education
17 service district received a general services grant of \$1 million for the 2010-2011 school year.

18 (b) Notwithstanding paragraph (a) of this subsection and only for State School Fund distrib-
19 utions made for the first school year after two or more education service districts join together, if
20 an education service district received a general services grant as provided by paragraph (a)(B) of
21 this subsection prior to the education service district joining together with one or more other edu-
22 cation service districts to form a new education service district:

23 (A) The general services grant for the new education service district shall be calculated for each
24 component education service district as though the component education service districts had not
25 joined together to form a new education service district; and

26 (B) A component education service district that received an amount as provided by paragraph
27 (a)(B) of this subsection shall be entitled to receive that amount under the calculation provided by
28 this paragraph.

29 (5) Subject to subsection (6) of this section, the State School Fund grant for an education service
30 district = general services grant – local revenues of the education service district.

31 (6)(a) After completing the calculations under subsections (2) to (5) of this section, the Super-
32 intendent of Public Instruction shall apportion from the State School Fund to each education service
33 district an amount = (funding percentage \times general services grant) – local revenues of the educa-
34 tion service district.

35 (b) The funding percentage used in paragraph (a) of this subsection shall be calculated by the
36 superintendent to distribute as nearly as practicable the total amount available for distribution to
37 education service districts from the State School Fund for each fiscal year.

38 (7) Notwithstanding subsections (5) and (6) of this section:

39 (a) The State School Fund grant of an education service district may not be less than zero; and

40 (b) The State School Fund grant of an education service district shall be in an amount that,
41 when combined with the local revenues of the education service district, equals \$1,165,000, as ad-
42 justed each school year based on the same percentage by which the amount appropriated to the
43 State School Fund for distribution to education service districts is increased or decreased as com-
44 pared with the amount appropriated for the 2015-2016 school year.

45 (8) An education service district shall distribute to school districts located within the territory

1 of the education service district any amount of local revenues of the education service district that
 2 is greater than the general services grant. The amount that each school district receives under this
 3 subsection shall be prorated based on the district extended ADMw of the school district as calcu-
 4 lated under ORS 327.013.

5 (9)(a) An education service district shall distribute to a school district that is located within the
 6 territory of the education service district but that has withdrawn from the education service district
 7 as provided in ORS 334.015 the amounts received by the education service district as a general
 8 services grant and from the School Improvement Fund.

9 (b) The amounts that a school district receives under this subsection:

10 (A) Shall be prorated based on the district extended ADMw of the school district as calculated
 11 under ORS 327.013;

12 (B) Shall equal 90 percent of the school district's prorated share, as calculated under subpara-
 13 graph (A) of this paragraph; and

14 (C) May be used to pay for any expenses incurred in providing services described in ORS 334.175
 15 (2) to the students of the school district by:

16 (i) The school district;

17 (ii) The education service district from which the school district withdrew;

18 (iii) An education service district that is not the education service district from which the
 19 school district withdrew; or

20 (iv) Any other public entity with which the school district has entered into a contract to provide
 21 the services.

22 **SECTION 13.** ORS 327.061 is amended to read:

23 327.061. (1)(a) Numbers of students in average daily membership used in the distribution formula
 24 as specified in ORS 327.013 (1)(c), shall be projections of the average daily membership in the school
 25 district for the school year ending on June 30 of the distribution year. The Department of Education
 26 shall verify all projections used for purposes of the distribution formula.

27 (b) For the purpose of paragraph (a) of this subsection:

28 (A) A student may be included in average daily membership only if the student is reported with
 29 a school identification number, as issued in accordance with rules adopted by the State Board of
 30 Education.

31 (B) A student may not be included in average daily membership if the student has only a pro-
 32 gram identification number. As used in this subparagraph, "program" means a series of interrelated
 33 activities or services contributing to the attainment of a goal or set of goals that are provided on
 34 a part-time basis, for a temporary time period or as a secondary component of educational services.

35 (2) The department shall use information from the Department of Revenue [*under ORS 311.175*]
 36 as the basis for determining projected school district property taxes. The department shall request
 37 relevant information from the school districts to enable the department to estimate the amount each
 38 school district shall receive from the State School Fund. The department shall provide this estimate
 39 no later than the first Monday in March of each year for the distribution for the following fiscal
 40 year.

41 (3) Except as provided in subsection (4) of this section, a school district may appeal to the de-
 42 partment any projection verified by the department under subsection (1) of this section. The de-
 43 partment shall rule on the appeal in a timely manner and if necessary issue a revised estimate of
 44 the amount each school district shall receive from the State School Fund no later than the last
 45 Friday in March.

1 (4) A school district may not appeal any projection verified under subsection (1) of this section
 2 if the school district failed to provide information requested by the department under subsection (2)
 3 of this section.

4 (5) Notwithstanding the dates provided by this section and pursuant to rules adopted by the
 5 State Board of Education, the Superintendent of Public Instruction may specify an alternative date
 6 to provide an estimate or revised estimate if a human-created disaster or a natural disaster affects
 7 the ability of the Department of Education to provide the estimate or revised estimate by the date
 8 specified by this section.

9 **SECTION 14.** ORS 408.505 is amended to read:

10 408.505. (1) As used in this section, “agency” has the meaning given that term in ORS 183.310.

11 (2) In order to assist veterans in claiming federal benefits, the Department of Veterans’ Affairs
 12 and the Oregon Military Department shall provide agencies with materials to inform individuals how
 13 to contact the Department of Veterans’ Affairs and the reintegration team within the Oregon Mili-
 14 tary Department to request information about veterans’ benefits and services.

15 (3) An agency shall:

16 (a) Make available in offices that are accessible to the public the information provided under
 17 subsection (2) of this section; and

18 (b) When appropriate, feasible and consistent with the agency’s mission, make reasonable efforts
 19 to:

20 (A) Ask a customer or client who comes into contact with the agency if the customer or client
 21 is a veteran; and

22 (B) Provide the information provided under subsection (2) of this section to a customer or client
 23 who states that the customer or client is a veteran.

24 (4) An agency may cooperate with elected officials, local governments, school districts and
 25 community colleges to implement other measures to direct customers or clients to the Department
 26 of Veterans’ Affairs or the reintegration team within the Oregon Military Department to obtain in-
 27 formation about veterans’ benefits and services.

28 *[(5) On or before October 1 of each even-numbered year, agency directors shall report to the ap-
 29 propriate interim committees of the Legislative Assembly on the effectiveness of measures undertaken
 30 to implement the provisions of this section.]*

31 *[(6)]* (5) This section does not require an agency to respond to inquiries from customers or cli-
 32 ents about veterans’ benefits or services.

33 **SECTION 15.** ORS 315.133 is amended to read:

34 315.133. (1) As used in this section and ORS 315.135 and 315.136:

35 (a) “Agricultural worker” has the meaning given that term in ORS 653.271.

36 (b) “Eligible employer” means an employer doing business in 2017 North American Industry
 37 Classification System code 111, crop production, or code 112, animal production and aquaculture.

38 (c) “Full-time equivalent employee” means an employee or a combination of employees that
 39 perform at least 2,080 hours of work for an employer in a calendar year.

40 (2)(a) A credit against taxes that are otherwise due under ORS chapter 316 or, if the taxpayer
 41 is a corporation, under ORS chapter 317 or 318 is allowed for overtime compensation required under
 42 ORS 653.272 to be paid, for work performed in Oregon, by an eligible employer to agricultural
 43 workers on an hourly basis. The amount of the credit shall equal a percentage of the actual excess
 44 paid to agricultural workers during the calendar year in which the tax year begins, as determined
 45 under ORS 315.135.

1 (b) A labor contractor licensed under ORS 658.410 may not claim a credit under this section.
2 An eligible employer may claim a credit under this section for wages paid to workers recruited,
3 solicited, supplied or employed by a labor contractor on behalf of the eligible employer.

4 (c) Notwithstanding ORS 317.090 (3), a credit under this section is allowed against the tax im-
5 posed under ORS 317.090 **(2)(a)**.

6 (d) A credit is not allowed under this section for any overtime wages paid to an employee who
7 is exempt from the provisions of ORS 653.272 as a member of the immediate family of the employer.

8 (3) Prior to claiming the credit allowed under this section, a taxpayer is required to receive a
9 notice of acknowledgment from the Department of Revenue, as provided in ORS 315.136, stating the
10 maximum amount of credit that the taxpayer may claim for the calendar year.

11 (4) If the amount allowable:

12 (a) As a credit under this section against taxes imposed under ORS chapter 316, when added to
13 the sum of the amounts allowable as payment of tax under ORS 316.187 or 316.583, other tax pre-
14 payment amounts and other refundable credit amounts, exceeds the taxes imposed by ORS chapters
15 314 and 316 for the tax year after application of any nonrefundable credits allowable for purposes
16 of ORS chapter 316 for the tax year, the amount of the excess shall be refunded to the taxpayer as
17 provided in ORS 316.502.

18 (b) As a credit under this section against taxes imposed under ORS chapter 317 or 318, when
19 added to the sum of the amount of estimated tax paid under ORS 314.515 and any other tax pre-
20 payment amounts, exceeds the taxes imposed by ORS chapters 314 and 317 for the tax year (reduced
21 by any nonrefundable credits allowable for purposes of ORS chapter 317 for the tax year), the
22 amount of the excess shall be refunded to the taxpayer as provided in ORS 314.415.

23 (5) Any amount that is refunded to the taxpayer under this section and that is in excess of the
24 tax liability of the taxpayer does not bear interest.

25 (6) A nonresident shall be allowed the credit under this section. The credit shall be computed
26 in the same manner and be subject to the same limitations as the credit granted to a resident.
27 However, the credit shall be prorated using the proportion provided in ORS 316.117.

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

31 (8) If a change in the status of a taxpayer from resident to nonresident or from nonresident to
32 resident occurs, the credit allowed under this section shall be determined in a manner consistent
33 with ORS 316.117.

34 (9) The Department of Revenue shall adopt rules for the purposes of ORS 315.133 to 315.137,
35 including policies and procedures for providing notice to taxpayers regarding the credit allowed
36 under this section as required in ORS 315.136.

37 **SECTION 16.** ORS 315.273 is amended to read:

38 315.273. (1) As used in this section:

39 (a) "Dependent" means an individual who is under the age of six years at the close of the tax
40 year and who is a dependent of a taxpayer as described in section 152(a) of the Internal Revenue
41 Code, determined without regard to section 152(b)(3) of the Internal Revenue Code.

42 (b) "Qualifying child" has the meaning given that term in section 152(c) of the Internal Revenue
43 Code.

44 (c) "Qualifying income limit" means:

45 (A) For a taxpayer other than a taxpayer described in subparagraph (B) of this paragraph, ad-

1 justed gross income, as defined in section 62 of the Internal Revenue Code, as modified using Oregon
2 subtractions and additions, but with *[losses of a taxpayer added back, to the extent that those losses*
3 *exceed \$20,000; or]* **the sum of the following added back:**

4 **(i) Losses of the taxpayer, to the extent that those losses exceed \$20,000; and**

5 **(ii) Foreign earned income, as defined in section 911 of the Internal Revenue Code, that**
6 **is excluded from adjusted gross income.**

7 (B) For a nonresident or part-year resident, the greater of the amount determined under sub-
8 paragraph (A) of this paragraph, or adjusted gross income, as defined in section 62 of the Internal
9 Revenue Code.

10 (2) A taxpayer shall be allowed a credit against the tax otherwise due under ORS chapter 316
11 for the tax year, with an amount allowed for each dependent of the taxpayer who is a qualifying
12 child with respect to the taxpayer, not to exceed five properly claimed dependents per tax return.
13 The credit shall be allowed as provided in subsections (3) and (4) of this section. A taxpayer may
14 claim a credit under this section using an individual taxpayer identification number and may claim
15 it for dependents using individual taxpayer identification numbers.

16 (3) The credit under this section:

17 (a) Shall be in an amount of \$1,000 per dependent of the taxpayer, but, if the taxpayer has a
18 qualifying income limit in excess of \$25,000, regardless of the type of income tax return filed by the
19 taxpayer, the total amount of the credit shall be reduced as provided in subsection (4) of this sec-
20 tion.

21 (b) May not be claimed if the percentage calculated in subsection (4) of this section is greater
22 than or equal to 100 percent.

23 (c) May not be claimed by a married taxpayer who files a separate return.

24 (4) If a reduction under subsection (3) of this section is required, the amount by which the credit
25 shall be reduced is computed by multiplying the amount otherwise available under subsection (3) of
26 this section by a percentage. The percentage is computed by dividing, by 5,000, the amount by which
27 the taxpayer's qualifying income limit exceeds \$25,000.

28 (5)(a) For tax years beginning in each calendar year, the Department of Revenue shall adjust the
29 dollar amounts of the credit and of the income threshold set forth in subsections (3) and (4) of this
30 section by multiplying each dollar amount by the cost-of-living adjustment for the calendar year.

31 (b) For purposes of paragraph (a) of this subsection, the cost-of-living adjustment for any calen-
32 dar year is the percentage (if any) by which the monthly averaged U.S. City Average Consumer
33 Price Index for the 12 consecutive months ending August 31 of the prior calendar year exceeds the
34 monthly averaged index for the second quarter of the calendar year 2022.

35 (c) As used in this subsection, "U.S. City Average Consumer Price Index" means the U.S. City
36 Average Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau of
37 Labor Statistics of the United States Department of Labor.

38 (d) If any increase determined under paragraph (a) of this subsection is not a multiple of \$50,
39 the increase shall be rounded to the next lower multiple of \$50.

40 (6)(a) If the amount allowable as a credit under this section, when added to the sum of the
41 amounts allowable as payment of tax under ORS 316.187 or 316.583, other tax prepayment amounts
42 and other refundable credit amounts, exceeds the taxes imposed by ORS chapters 314 and 316 for
43 the tax year after application of any nonrefundable credits allowable for purposes of ORS chapter
44 316 for the tax year, the amount of the excess shall be refunded to the taxpayer as provided in ORS
45 316.502.

1 (b) The credit under this section shall be computed after the allowance of any other credit or
2 offset against tax liability.

3 (7) A nonresident or part-year resident shall be allowed the credit under this section in the same
4 manner and, aside from the taxpayer's applicable qualifying income limit, subject to the same limi-
5 tations as a resident. However, the credit shall be prorated using the proportion provided in ORS
6 316.117.

7 (8) If a change in the tax year of a taxpayer occurs as described in ORS 314.085, or if the De-
8 partment of Revenue terminates the taxpayer's tax year under ORS 314.440, the credit allowed by
9 this section shall be prorated or computed in a manner consistent with ORS 314.085.

10 (9) If a change in the status of a taxpayer from resident to nonresident or from nonresident to
11 resident occurs, the credit allowed by this section shall be determined in a manner consistent with
12 ORS 316.117.

13 (10) Refunds attributable to the child tax credit allowed under this section do not bear interest.

14 **SECTION 17. (1) The amendments to ORS 315.133 by section 15 of this 2025 Act apply to**
15 **tax years beginning on or after January 1, 2023.**

16 **(2) The amendments to ORS 315.273 by section 16 of this 2025 Act apply to tax years be-**
17 **ginning on or after January 1, 2025.**

18 **SECTION 18. This 2025 Act takes effect on the 91st day after the date on which the 2025**
19 **regular session of the Eighty-third Legislative Assembly adjourns sine die.**

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