

B-Engrossed House Bill 2735

Ordered by the House May 29
Including House Amendments dated April 8 and May 29

Sponsored by Representative RUIZ, Senators WEBER, GORSEK; Representatives ELMER, GAMBA, HARTMAN, HUDSON, LEVY B, LEVY E, MANNIX, MUNOZ, NOSSE, OWENS, RESCHKE, SCHARF, SMITH G, SOSA, WALTERS, Senator MEEK (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. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act raises the cap on total tax credits allowed for IDA donations. (Flesch Readability Score: 63.4).

Increases the aggregate amount of tax credits allowed to taxpayers in a tax year for donations for individual development accounts. **Aligns the date by which donations must be made to qualify for a credit with the underlying sunset date for the credit.**

A BILL FOR AN ACT

Relating to individual development accounts; creating new provisions; and amending ORS 315.271 and section 9, chapter 765, Oregon Laws 2007.

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

SECTION 1. ORS 315.271 is amended to read:

315.271. (1) A credit against taxes otherwise due under ORS chapter 316, 317 or 318 shall be allowed for donations to a fiduciary organization for distribution to individual development accounts established under ORS 458.685. The credit shall equal a percentage of the taxpayer's donation amount, as determined by the fiduciary organization, but not to exceed 90 percent of any donation amount. A credit may be claimed for a donation made not later than April 15 following December 31 of the tax year for which the credit is allowed. *[To qualify for a credit under this section, donations to a fiduciary organization must be made prior to April 15, 2028.]*

(2) If a credit allowed under this section is claimed, the amount upon which the credit is based that is allowed or allowable as a deduction from federal taxable income under section 170 of the Internal Revenue Code shall be added to federal taxable income in determining Oregon taxable income. As used in this subsection, the amount upon which a credit is based is the allowed credit divided by the applicable percentage, as determined by the fiduciary organization.

(3) The allowable tax credit that may be used in any one tax year shall not exceed the tax liability of the taxpayer.

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

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.

(5) The total credits allowed to all taxpayers in any tax year under this section and ORS 458.690 may not exceed [*\$7.5 million*] **\$16.5 million**. The total credit allowed to a taxpayer in any tax year under this section and ORS 458.690 may not exceed \$500,000.

SECTION 2. The amendments to ORS 315.271 by section 1 of this 2025 Act apply to tax years beginning on or after January 1, 2025.

SECTION 3. Section 9, chapter 765, Oregon Laws 2007, as amended by section 7, chapter 701, Oregon Laws 2015, section 7, chapter 525, Oregon Laws 2021, and section 16, chapter 490, Oregon Laws 2023, is amended to read:

Sec. 9. (1) A credit may not be claimed under ORS 315.271 and 458.690 for tax years beginning on or after January 1, 2030.

(2) For a taxpayer to qualify for a credit under ORS 315.271, donations to a fiduciary organization must be made prior to April 15, 2030.

[(2)] **(3)** The amendments to ORS 315.271 by section 6, chapter 525, Oregon Laws 2021, apply to tax years beginning on or after January 1, 2022, and before January 1, 2030.
