

House Bill 2913

Sponsored by Representative EVANS (Pre-session 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**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act makes a new tax credit for donations that aid veterans. (Flesch Readability Score: 72.6).

Creates an income tax credit for a member of a military organization that contributes financial resources to the Veterans' Educational Aid Account prior to the organization's dissolution.

Applies to tax years beginning on or after January 1, 2026, and before January 1, 2032.

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

A BILL FOR AN ACT

1
2 Relating to tax credits for veterans services; creating new provisions; amending ORS 314.772 and
3 318.031; and prescribing an effective date.

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

5 **SECTION 1. Sections 2 and 3 of this 2025 Act are added to and made a part of ORS**
6 **chapter 315.**

7 **SECTION 2. (1) As used in this section:**

8 (a) **"Member of a military organization" means a person who makes a financial donation**
9 **to a military organization during the tax year.**

10 (b) **"Military organization" means a charitable organization that is established to provide**
11 **services to veterans and active duty members of the Armed Forces of the United States and**
12 **that is certified as tax exempt under section 501(c)(3) of the Internal Revenue Code.**

13 (2) **A credit against taxes that are otherwise due under ORS chapter 316 or, if the tax-**
14 **payer is a corporation, under ORS chapter 317 or 318 is allowed to a taxpayer that is a**
15 **member of a military organization that contributes financial resources to the Veterans' Ed-**
16 **ucational Aid Account under ORS 408.090 prior to dissolving under ORS 65.621 or 65.624.**

17 (3) **The credit allowed under this section applies to amounts donated by the taxpayer**
18 **within the same tax year that the military organization dissolves under ORS 65.621 or 65.624.**

19 (4) **In order to qualify for the credit allowed under this section, the taxpayer must obtain**
20 **written certification from the Department of Veterans' Affairs.**

21 (5) **A taxpayer may not qualify for this credit for more than one tax year.**

22 (6) **The credit allowed under this section may not exceed the tax liability of the taxpayer**
23 **for the tax year.**

24 (7) **Any tax credit otherwise allowable under this section that is not used by the taxpayer**
25 **in a particular tax year may be carried forward and offset against the taxpayer's tax liability**
26 **for the next succeeding tax year. Any credit remaining unused in the next succeeding tax**
27 **year may be carried forward and used in the second succeeding tax year, and likewise any**
28 **credit not used in that second succeeding tax year may be carried forward and used in the**

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 **third succeeding tax year but may not be carried forward for any tax year thereafter.**

2 **(8) A nonresident shall be allowed the credit under this section. The credit shall be**
 3 **computed in the same manner and be subject to the same limitations as the credit granted**
 4 **to a resident. However, the credit shall be prorated using the proportion provided in ORS**
 5 **316.117.**

6 **(9) If a change in the taxable year of the taxpayer occurs as described in ORS 314.085,**
 7 **or if the Department of Revenue terminates the taxpayer’s taxable year under ORS 314.440,**
 8 **the credit allowed by this section shall be prorated or computed in a manner consistent with**
 9 **ORS 314.085.**

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

13 **(11) The Department of Veterans’ Affairs shall adopt rules for the purposes of this sec-**
 14 **tion, including rules establishing policies and procedures for providing written certification**
 15 **to taxpayers eligible for the credit allowed under this section, as required by subsection (4)**
 16 **of this section.**

17 **SECTION 3. (1) Except as provided in subsection (2) of this section, the amount of the**
 18 **credit allowed under section 2 of this 2025 Act shall be 300 percent of the amount donated**
 19 **to the military organization during the tax year, but may not exceed \$40,000.**

20 **(2) For any donation made to the military organization during a tax year ending after**
 21 **July 1, 2031, the amount of the credit may not exceed \$30,000 for the tax year and shall be**
 22 **the sum of:**

23 **(a) 300 percent of the amount donated to the military organization on or before July 1,**
 24 **2031; and**

25 **(b) 150 percent of the amount donated to the military organization after July 1, 2031.**

26 **SECTION 4. ORS 314.772 is amended to read:**

27 **314.772. (1) Except as provided in ORS 314.766 (5)(b), the tax credits allowed or allowable to a**
 28 **C corporation for purposes of ORS chapter 317 or 318 shall not be allowed to an S corporation. The**
 29 **business tax credits allowed or allowable for purposes of ORS chapter 316 shall be allowed or are**
 30 **allowable to the shareholders of the S corporation.**

31 **(2) In determining the tax imposed under ORS chapter 316, as provided under ORS 314.763, on**
 32 **income of the shareholder of an S corporation, there shall be taken into account the shareholder’s**
 33 **pro rata share of business tax credit (or item thereof) that would be allowed to the corporation (but**
 34 **for subsection (1) of this section) or recapture or recovery thereof. The credit (or item thereof), re-**
 35 **capture or recovery shall be passed through to shareholders in pro rata shares as determined in the**
 36 **manner prescribed under section 1377(a) of the Internal Revenue Code.**

37 **(3) The character of any item included in a shareholder’s pro rata share under subsection (2)**
 38 **of this section shall be determined as if such item were realized directly from the source from which**
 39 **realized by the corporation, or incurred in the same manner as incurred by the corporation.**

40 **(4) If the shareholder is a nonresident and there is a requirement applicable for the business tax**
 41 **credit that in the case of a nonresident the credit be allowed in the proportion provided in ORS**
 42 **316.117, then that provision shall apply to the nonresident shareholder.**

43 **(5) As used in this section, “business tax credit” means the following credits: ORS 315.104**
 44 **(forestation and reforestation), ORS 315.124 (small forest option), ORS 315.133 (agricultural overtime**
 45 **pay), ORS 315.138 (fish screening, by-pass devices, fishways), ORS 315.141 (biomass production for**

1 biofuel), ORS 315.156 (crop gleaning), ORS 315.164 and 315.169 (agriculture workforce housing), ORS
 2 315.176 (bovine manure), ORS 315.204 (dependent care assistance), ORS 315.208 (dependent care fa-
 3 cilities), ORS 315.213 (contributions for child care), ORS 315.237 (employee and dependent scholar-
 4 ships), ORS 315.271 (individual development accounts), ORS 315.283 (affordable housing sales), ORS
 5 315.304 (pollution control facility), ORS 315.326 (renewable energy development contributions), ORS
 6 315.331 (energy conservation projects), ORS 315.336 (transportation projects), ORS 315.341
 7 (renewable energy resource equipment manufacturing facilities), ORS 315.354 and 469B.151 (energy
 8 conservation facilities), ORS 315.506 (tribal taxes on reservation enterprise zones and reservation
 9 partnership zones), ORS 315.507 (electronic commerce), ORS 315.514 (film production development
 10 contributions), ORS 315.518 (semiconductors), ORS 315.523 (employee training programs), ORS
 11 315.533 (low income community jobs initiative), ORS 315.593 (short line railroads), ORS 315.640
 12 (university venture development funds), ORS 315.643 (Opportunity Grant Fund contributions), ORS
 13 315.675 (Trust for Cultural Development Account contributions), ORS 317.097 (loans for affordable
 14 housing), ORS 317.124 (long term enterprise zone facilities), ORS 317.147 (loans for agriculture
 15 workforce housing), ORS 317.152 (qualified research expenses) and ORS 317.154 (alternative qualified
 16 research expenses) and section 9, chapter 774, Oregon Laws 2013 (alternative fuel vehicle contribu-
 17 tions), **and section 2 of this 2025 Act (donations by dissolved military organizations).**

18 **SECTION 5.** ORS 318.031 is amended to read:

19 318.031. It being the intention of the Legislative Assembly that this chapter and ORS chapter
 20 317 shall be administered as uniformly as possible (allowance being made for the difference in im-
 21 position of the taxes), ORS 305.140 and 305.150, ORS chapter 314 and the following sections are in-
 22 corporated into and made a part of this chapter: ORS 315.104, 315.124, 315.133, 315.141, 315.156,
 23 315.176, 315.204, 315.208, 315.213, 315.283, 315.304, 315.326, 315.331, 315.336, 315.506, 315.507, 315.523,
 24 315.533, 315.593 and 315.643 **and section 2 of this 2025 Act** (all only to the extent applicable to a
 25 corporation) and ORS chapter 317.

26 **SECTION 6.** Sections 2 and 3 of this 2025 Act apply to tax years beginning on or after
 27 January 1, 2026, and before January 1, 2032.

28 **SECTION 7.** This 2025 Act takes effect on the 91st day after the date on which the 2025
 29 regular session of the Eighty-third Legislative Assembly adjourns sine die.

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