

HB 2095-2
(LC 3636)
4/29/25 (CMT/ps)

Requested by HOUSE COMMITTEE ON REVENUE (at the request of Representative Nancy Nathanson)

**PROPOSED AMENDMENTS TO
HOUSE BILL 2095**

1 On page 1 of the printed bill, line 2, after “revenue;” delete the rest of
2 the line and insert “amending ORS 315.271, 315.518 and 317.097 and section
3 9, chapter 765, Oregon Laws 2007; and prescribing an effective date.”.

4 On page 2, delete lines 21 and 22 and insert:

5 **“SECTION 2.** ORS 317.097, as amended by section 25, chapter 75, Oregon
6 Laws 2024, is amended to read:

7 “317.097. (1) As used in this section:

8 “(a) ‘Annual rate’ means the yearly interest rate specified on the note,
9 and not the annual percentage rate, if any, disclosed to the applicant to
10 comply with the federal Truth in Lending Act.

11 “(b) ‘Bonds’ means a bond, as defined in ORS 286A.001, if issued on behalf
12 of the Housing and Community Services Department, or bonds, as defined in
13 ORS 456.055, if issued by a housing authority.

14 “(c) ‘Finance charge’ means the total of all interest, loan fees, interest
15 on any loan fees financed by the lending institution, and other charges re-
16 lated to the cost of obtaining credit.

17 “(d) ‘Lending institution’ means any insured institution, as that term is
18 defined in ORS 706.008, any mortgage banking company that maintains an
19 office in this state or any community development corporation that is or-
20 ganized under the Oregon Nonprofit Corporation Law.

21 “(e) ‘Limited equity cooperative’ means a cooperative corporation formed

1 under ORS chapter 62 whose articles of incorporation, in addition to the
2 other requirements of ORS chapter 62, prohibit members from selling their
3 ownership interests:

4 “(A) To any person other than a low income person; or

5 “(B) For a sales price that exceeds the sum of:

6 “(i) The price the member paid for the ownership interest;

7 “(ii) The cost of any permanent improvements the member made to the
8 housing unit during the member’s ownership;

9 “(iii) Any special assessments the member paid to the limited equity co-
10 operative during the member’s ownership that were expended to make per-
11 manent improvements to the building in which the member’s housing unit is
12 located; and

13 “(iv) A return on the amounts described in sub-subparagraphs (i) to (iii)
14 of this subparagraph, computed from the year in which the respective amount
15 was paid, that equals the greater of the result of adjusting each amount by
16 the percentage increase, if any, in the Consumer Price Index for All Urban
17 Consumers, West Region (All Items), as published by the Bureau of Labor
18 Statistics of the United States Department of Labor, or of increasing each
19 amount by three percent compounded annually.

20 “(f) ‘Manufactured dwelling park’ has the meaning given that term in
21 ORS 446.003.

22 “(g) ‘Nonprofit corporation’ means a corporation that is exempt from in-
23 come taxes under section 501(c)(3) or (4) of the Internal Revenue Code as
24 amended and in effect on December 31, 2023.

25 “(h) ‘Preservation project’ means housing that was previously developed
26 as affordable housing with a contract for rent assistance from the United
27 States Department of Housing and Urban Development or the United States
28 Department of Agriculture and that is being acquired by a sponsoring entity.

29 “(i) ‘Qualified assignee’ means any investor participating in the secondary
30 market for real estate loans.

1 “(j) ‘Qualified borrower’ means any borrower that is a sponsoring entity
2 that has a controlling interest in the real property that is financed by a
3 qualified loan. A controlling interest includes a controlling interest in the
4 general partner of a limited partnership that owns the real property.

5 “(k) ‘Qualified loan’ means:

6 “(A) A loan that meets the criteria stated in subsection (5) of this section
7 or that is made to refinance a loan that meets the criteria described in sub-
8 section (5) of this section; or

9 “(B) The purchase by a lending institution of bonds, the proceeds of which
10 are used to finance or refinance a loan that meets the criteria described in
11 subsection (5) of this section.

12 “(L) ‘Sponsoring entity’ means a nonprofit corporation, nonprofit cooper-
13 ative, state governmental entity, local unit of government as defined in ORS
14 466.706, housing authority or any other person, provided that the person has
15 agreed to restrictive covenants imposed by a nonprofit corporation, nonprofit
16 cooperative, state governmental entity, local unit of government or housing
17 authority.

18 “(2) The Department of Revenue shall allow a credit against taxes other-
19 wise due under this chapter for the tax year to a lending institution that
20 makes a qualified loan certified by the Housing and Community Services
21 Department as provided in subsection (7) of this section. The amount of the
22 credit is equal to the difference between:

23 “(a) The amount of finance charge charged by the lending institution
24 during the tax year at an annual rate less than the market rate for a quali-
25 fied loan [*that is made before January 1, 2026,*] that complies with the re-
26 quirements of this section; and

27 “(b) The amount of finance charge that would have been charged during
28 the tax year by the lending institution for the qualified loan for housing
29 construction, development, acquisition or rehabilitation measured at the an-
30 nual rate charged by the lending institution for nonsubsidized loans made

1 under like terms and conditions at the time the qualified loan for housing
2 construction, development, acquisition or rehabilitation is made.

3 “(3) The maximum amount of credit for the difference between the
4 amounts described in subsection (2)(a) and (b) of this section may not exceed
5 four percent of the average unpaid balance of the qualified loan during the
6 tax year for which the credit is claimed.

7 “(4) Any tax credit allowed under this section that is not used by the
8 taxpayer in a particular year may be carried forward and offset against the
9 taxpayer’s tax liability for the next succeeding tax year. Any credit remain-
10 ing unused in the next succeeding tax year may be carried forward and used
11 in the second succeeding tax year, and likewise, any credit not used in that
12 second succeeding tax year may be carried forward and used in the third
13 succeeding tax year, and any credit not used in that third succeeding tax
14 year may be carried forward and used in the fourth succeeding tax year, and
15 any credit not used in that fourth succeeding tax year may be carried for-
16 ward and used in the fifth succeeding tax year, but may not be carried for-
17 ward for any tax year thereafter.

18 “(5) To be eligible for the tax credit allowable under this section, a
19 lending institution must make a qualified loan by either purchasing bonds,
20 the proceeds of which are used to finance or refinance a loan that meets the
21 criteria stated in this subsection, or making a loan directly to:

22 “(a) An individual or individuals who own a dwelling, participate in an
23 owner-occupied community rehabilitation program and are certified by the
24 local government or its designated agent as having an income level when the
25 loan is made of 80 percent of the area median income or less;

26 “(b) A qualified borrower who:

27 “(A) Uses the loan proceeds to finance construction, development, acqui-
28 sition or rehabilitation of housing, including housing in the form of a limited
29 equity cooperative; and

30 “(B) Provides a written certification executed by the Housing and Com-

1 munity Services Department that the:

2 “(i) Housing created by the loan is or will be occupied by households
3 earning 80 percent of the area median income or less; and

4 “(ii) Full amount of savings from the reduced interest rate provided by
5 the lending institution is or will be passed on, in the form of reduced housing
6 payments, to the tenants or to the holders of proprietary leases in a limited
7 equity cooperative;

8 “(c) Subject to subsection (14) of this section, a qualified borrower who:

9 “(A) Uses the loan proceeds to finance construction, development, acqui-
10 sition or rehabilitation of housing consisting of a manufactured dwelling
11 park; and

12 “(B) Provides a written certification executed by the Housing and Com-
13 munity Services Department that the housing will continue to be operated
14 as a manufactured dwelling park during the period for which the tax credit
15 is allowed;

16 “(d) A qualified borrower who:

17 “(A) Uses the loan proceeds to finance acquisition or rehabilitation of
18 housing consisting of a preservation project; and

19 “(B) Provides a written certification executed by the Housing and Com-
20 munity Services Department that the housing preserved by the loan:

21 “(i) Is or will be occupied by households earning 80 percent of the area
22 median income or less; and

23 “(ii) Is the subject of a rent assistance contract with the United States
24 Department of Housing and Urban Development or the United States De-
25 partment of Agriculture that will be maintained by the qualified borrower;

26 or

27 “(e) A qualified borrower who:

28 “(A) Uses the loan proceeds to finance construction, development, acqui-
29 sition or rehabilitation of housing; and

30 “(B) Provides a written certification executed by the Housing and Com-

1 munity Services Department or the governmental party to the rent assistance
2 contract that the housing preserved by the loan:

3 “(i) Is or will be occupied by households earning 80 percent of the area
4 median income or less; and

5 “(ii) Is the subject of a rent assistance contract with the federal govern-
6 ment or with a state or local government that will be maintained by the
7 qualified borrower and that limits a tenant’s rent to no more than 30 percent
8 of their income.

9 “(6) A loan made to refinance a loan that meets the criteria stated in
10 subsection (5) of this section must be treated the same as a loan that meets
11 the criteria stated in subsection (5) of this section.

12 “(7) For a qualified loan to be eligible for the tax credit allowable under
13 this section, the Housing and Community Services Department must execute
14 a written certification for the qualified loan that:

15 “(a) States that the qualified loan is within the limitation imposed by
16 subsection (8) of this section; and

17 “(b) Specifies the period, as determined by the Housing and Community
18 Services Department, during which the tax credit is allowed for the qualified
19 loan, not to exceed:

20 “(A) 30 years, for a qualified loan with a contract for rent assistance or
21 financing resources from the United States Department of Agriculture, for
22 new housing construction, acquisition of housing or a preservation project;
23 or

24 “(B) 20 years, for any other type of qualified loan.

25 “(8) The Housing and Community Services Department may certify quali-
26 fied loans that are eligible under subsection (5) of this section if the total
27 credits attributable to all qualified loans eligible for credits under this sec-
28 tion and then outstanding do not exceed \$35 million for any fiscal year. In
29 making loan certifications under subsection (7) of this section, the Housing
30 and Community Services Department shall attempt to distribute the tax

1 credits statewide, but shall concentrate the tax credits in those areas of the
2 state that are determined by the Oregon Housing Stability Council to have
3 the greatest need for affordable housing.

4 “(9) The tax credit provided for in this section may be taken whether or
5 not:

6 “(a) The financial institution is eligible to take a federal income tax
7 credit under section 42 of the Internal Revenue Code with respect to the
8 project financed by the qualified loan; or

9 “(b) The project receives financing from bonds, the interest on which is
10 exempt from federal taxation under section 103 of the Internal Revenue Code.

11 “(10) For a qualified loan defined in subsection (1)(k)(B) of this section
12 financed through the purchase of bonds, the interest of which is exempt from
13 federal taxation under section 103 of the Internal Revenue Code, the amount
14 of finance charge that would have been charged under subsection (2)(b) of
15 this section is determined by reference to the finance charge that would have
16 been charged if the federally tax exempt bonds had been issued and the tax
17 credit under this section did not apply.

18 “(11) A lending institution may sell a qualified loan for which a certi-
19 fication has been executed to a qualified assignee whether or not the lending
20 institution retains servicing of the qualified loan so long as a designated
21 lending institution maintains records, annually verified by a loan servicer,
22 that establish the amount of tax credit earned by the taxpayer throughout
23 each year of eligibility.

24 “(12) Notwithstanding any other provision of law, a lending institution
25 that is a community development corporation organized under the Oregon
26 Nonprofit Corporation Law may transfer all or part of a tax credit allowed
27 under this section to one or more other lending institutions that are stock-
28 holders or members of the community development corporation or that oth-
29 erwise participate through the community development corporation in the
30 making of one or more qualified loans for which the tax credit under this

1 section is allowed.

2 “(13) The lending institution shall file an annual statement with the
3 Housing and Community Services Department, specifying that it has con-
4 formed with all requirements imposed by law to qualify for a tax credit under
5 this section.

6 “(14) Notwithstanding subsection (1)(j) and (L) of this section, a qualified
7 borrower on a loan to finance the construction, development, acquisition or
8 rehabilitation of a manufactured dwelling park under subsection (5)(c) of this
9 section must be:

10 “(a) A nonprofit corporation, manufactured dwelling park nonprofit co-
11 operative, state governmental entity, local unit of government as defined in
12 ORS 466.706 or housing authority; or

13 “(b) A nonprofit corporation or housing authority that has a controlling
14 interest in the real property that is financed by a qualified loan. A control-
15 ling interest includes a controlling interest in the general partner of a lim-
16 ited partnership that owns the real property.

17 “(15) The Department of Revenue may require that a lending institution
18 that has earned the credit and a lending institution that intends to claim the
19 credit jointly file a notice, as prescribed by the Department of Revenue. The
20 notice must comply with ORS 315.056 (2) or 315.058 (2).

21 “(16) The Housing and Community Services Department shall provide in-
22 formation to the Department of Revenue about all certifications executed
23 under this section, if required by ORS 315.058.

24 “(17) The Housing and Community Services Department and the Depart-
25 ment of Revenue may adopt rules to carry out the provisions of this section.

26 **“SECTION 3.** ORS 315.271 is amended to read:

27 “315.271. (1) A credit against taxes otherwise due under ORS chapter 316,
28 317 or 318 shall be allowed for donations to a fiduciary organization for
29 distribution to individual development accounts established under ORS
30 458.685. The credit shall equal a percentage of the taxpayer’s donation

1 amount, as determined by the fiduciary organization, but not to exceed 90
2 percent of any donation amount. A credit may be claimed for a donation
3 made not later than April 15 following December 31 of the tax year for which
4 the credit is allowed. *[To qualify for a credit under this section, donations to*
5 *a fiduciary organization must be made prior to April 15, 2028.]*

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

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

15 “(4) Any tax credit otherwise allowable under this section that is not used
16 by the taxpayer in a particular year may be carried forward and offset
17 against the taxpayer’s tax liability for the next succeeding tax year. Any tax
18 credit remaining unused in the next succeeding tax year may be carried
19 forward and used in the second succeeding tax year. Any tax credit not used
20 in the second succeeding tax year may be carried forward and used in the
21 third succeeding tax year, but may not be carried forward for any tax year
22 thereafter.

23 “(5) The total credits allowed to all taxpayers in any tax year under this
24 section and ORS 458.690 may not exceed \$7.5 million. The total credit al-
25 lowed to a taxpayer in any tax year under this section and ORS 458.690 may
26 not exceed \$500,000.

27 “**SECTION 4.** Section 9, chapter 765, Oregon Laws 2007, as amended by
28 section 7, chapter 701, Oregon Laws 2015, section 7, chapter 525, Oregon
29 Laws 2021, and section 16, chapter 490, Oregon Laws 2023, is amended to
30 read:

