

SB 1507-4  
(LC 302)  
2/26 (CMT/ps)

Requested by SENATE COMMITTEE ON FINANCE AND REVENUE

**PROPOSED AMENDMENTS TO  
SENATE BILL 1507**

1       On page 1 of the printed bill, line 2, after “amending” delete the rest of  
2       the line and insert “ORS 314.772 and 315.266;”.

3       Delete lines 5 through 27 and delete pages 2 through 5 and insert:

4       **“SECTION 1. Section 2 of this 2026 Act is added to and made a part  
5       of ORS chapter 316.**

6       **“SECTION 2. There shall be added to federal taxable income an  
7       amount equal to qualified passenger vehicle loan interest paid by the  
8       taxpayer and deducted on the taxpayer’s federal income tax return in  
9       the tax year, as provided in section 163(h)(4) of the Internal Revenue  
10      Code.**

11       **“SECTION 3. Section 4 of this 2026 Act is added to and made a part  
12      of ORS chapter 317.**

13       **“SECTION 4. There shall be added to federal taxable income an  
14       amount equal to qualified passenger vehicle loan interest paid by the  
15       taxpayer and deducted on the taxpayer’s federal income tax return in  
16       the tax year, as provided in section 163(h)(4) of the Internal Revenue  
17      Code.**

18       **“SECTION 5. ORS 315.266 is amended to read:**

19       “315.266. (1)(a) In addition to any other credit available for purposes of  
20       ORS chapter 316, an eligible resident individual shall be allowed a credit  
21       against the tax otherwise due under ORS chapter 316 for the tax year in an

1 amount equal to [nine] 14 percent of the earned income credit allowable to  
2 the individual for the same tax year under section 32 of the Internal Revenue  
3 Code.

4       “(b) Notwithstanding paragraph (a) of this subsection, for a taxpayer with  
5 a dependent under the age of three at the close of the tax year, the credit  
6 allowed under this section shall be in an amount equal to [12] 17 percent of  
7 the earned income credit allowable to the individual for the same tax year  
8 under section 32 of the Internal Revenue Code.

9       “(2) A resident individual may claim a credit under this section, using  
10 either a Social Security number or an individual taxpayer identification  
11 number, if, but for section 32(m) of the Internal Revenue Code, the individual  
12 would otherwise be eligible to claim a credit under section 32 of the Internal  
13 Revenue Code. The credit allowed as provided in this subsection shall equal  
14 the percentage, as stated in subsection (1) of this section, of the amount that  
15 would be allowed on a federal return, based on the amount of the individual’s  
16 earned income and the other provisions of section 32 of the Internal Revenue  
17 Code.

18       “(3) An eligible nonresident individual shall be allowed the credit com-  
19 puted in the same manner and subject to the same limitations as the credit  
20 allowed a resident by subsection (1) or (2) of this section. However, the credit  
21 shall be prorated using the proportion provided in ORS 316.117.

22       “(4) If a change in the taxable year of a taxpayer occurs as described in  
23 ORS 314.085, or if the Department of Revenue terminates the taxpayer’s  
24 taxable year under ORS 314.440, the credit allowed by this section shall be  
25 prorated or computed in a manner consistent with ORS 314.085.

26       “(5) If a change in the status of a taxpayer from resident to nonresident  
27 or from nonresident to resident occurs, the credit allowed by this section  
28 shall be determined in a manner consistent with ORS 316.117.

29       “(6) If the amount allowable as a credit under this section, when added  
30 to the sum of the amounts allowable as payment of tax under ORS 316.187

1 or 316.583, other tax prepayment amounts and other refundable credit  
2 amounts, exceeds the taxes imposed by ORS chapters 314 and 316 for the tax  
3 year after application of any nonrefundable credits allowable for purposes  
4 of ORS chapter 316 for the tax year, the amount of the excess shall be re-  
5 funded to the taxpayer as provided in ORS 316.502.

6       “(7) The Department of Revenue may adopt rules for purposes of this  
7 section, including but not limited to rules relating to proof of eligibility, the  
8 furnishing of information regarding the federal earned income credit claimed  
9 by the taxpayer for the tax year and policies and guidelines for the deter-  
10 mination of the amount of credit allowed under subsection (2) of this section.

11       “(8) Refunds attributable to the earned income credit allowed under this  
12 section do not bear interest.

13       **“SECTION 6. Section 7 of this 2026 Act is added to and made a part**  
14 **of ORS chapter 316.**

15       **“SECTION 7. There shall be added to federal taxable income an**  
16 **amount equal to any gain from the exchange or sale of qualified small**  
17 **business stock that is received by the taxpayer and deducted on the**  
18 **taxpayer’s federal income tax return in the tax year, as provided in**  
19 **section 1202 of the Internal Revenue Code.**

20       **“SECTION 8. Section 9 of this 2026 Act is added to and made a part**  
21 **of ORS chapter 316.**

22       **“SECTION 9. (1) There shall be added to federal taxable income for**  
23 **Oregon tax purposes the difference between any amount allowable as**  
24 **a deduction under section 168(k) of the Internal Revenue Code for**  
25 **machinery or equipment placed in service during the tax year, as ap-**  
26 **plicable to the tax year of the taxpayer, and that amount allowable**  
27 **as a deduction under section 168(k) of the Internal Revenue Code as**  
28 **amended and in effect on December 1, 2017, as applicable to the tax**  
29 **year of the taxpayer.**

30       **“(2) Amounts added to federal taxable income for Oregon tax pur-**

1   poses under subsection (1) of this section may thereafter be subtracted  
2   from federal taxable income for Oregon tax purposes in the tax year  
3   for which the amounts would have been allowed as a deduction on the  
4   taxpayer's federal income tax return under the Internal Revenue Code  
5   as amended and in effect on December 1, 2017, as applicable to the tax  
6   year of the taxpayer.

7       “**SECTION 10.** Section 11 of this 2026 Act is added to and made a  
8   part of ORS chapter 317.

9       “**SECTION 11.** (1) There shall be added to federal taxable income for  
10   Oregon tax purposes the difference between any amount allowable as  
11   a deduction under section 168(k) of the Internal Revenue Code for  
12   machinery or equipment placed in service during the tax year, as ap-  
13   plicable to the tax year of the taxpayer, and that amount allowable  
14   as a deduction under section 168(k) of the Internal Revenue Code as  
15   amended and in effect on December 1, 2017, as applicable to the tax  
16   year of the taxpayer.

17       “(2) Amounts added to federal taxable income for Oregon tax pur-  
18   poses under subsection (1) of this section may thereafter be subtracted  
19   from federal taxable income for Oregon tax purposes in the tax year  
20   for which the amounts would have been allowed as a deduction on the  
21   taxpayer's federal income tax return under the Internal Revenue Code  
22   as amended and in effect on December 1, 2017, as applicable to the tax  
23   year of the taxpayer.

24       “**SECTION 12.** (1) Sections 2, 4 and 7 of this 2026 Act and the  
25   amendments to ORS 315.266 by section 5 of this 2026 Act apply to tax  
26   years beginning on or after January 1, 2026.

27       “(2) Sections 9 and 11 of this 2026 Act apply to machinery or equip-  
28   ment that is placed in service in tax years beginning on or after Jan-  
29   uary 1, 2026.

30       “**SECTION 13.** Section 14 of this 2026 Act is added to and made a

1 part of ORS chapter 315.

2       **“SECTION 14.** (1) A credit against taxes that are otherwise due  
3 under ORS chapter 316 or, if the taxpayer is a corporation, under ORS  
4 chapter 317 or 318 is allowed to a taxpayer for each new job in Oregon  
5 created by the taxpayer during the tax year.

6       “(2) The credit allowed under this section shall be in the amount  
7 of \$1,000 for each net new job created by a taxpayer, determined by  
8 comparing the number of employees employed by the taxpayer on the  
9 final day of the tax year with those employed by the taxpayer on the  
10 final day of the preceding tax year.

11       “(3) Prior to claiming the credit allowed under this section, a tax-  
12 payer seeking to claim the credit is required to receive written certi-  
13 fication of eligibility from the Oregon Business Development  
14 Department. The certification shall indicate the amount of the credit  
15 to which the taxpayer is entitled for the tax year.

16       “(4) The credit allowed under this section may not exceed the tax  
17 liability of the taxpayer for the tax year.

18       “(5) Any tax credit otherwise allowable under this section that is  
19 not used by the taxpayer in a particular tax year may be carried for-  
20 ward and offset against the taxpayer’s tax liability for the next suc-  
21 ceeding tax year. Any credit remaining unused in the next succeeding  
22 tax year may be carried forward and used in the second succeeding tax  
23 year, and likewise any credit not used in that second succeeding tax  
24 year may be carried forward and used in the third succeeding tax year  
25 but may not be carried forward for any other succeeding tax year.

26       “(6) The Oregon Business Development Department shall provide  
27 information to the Department of Revenue about all taxpayers that  
28 are eligible for a tax credit under this section, if required by ORS  
29 315.058.

30       “(7) The Director of the Oregon Business Development Department

1   **may order the suspension or revocation of a certification issued under  
2   this section, as provided in ORS 315.061.**

3   **“SECTION 15. At the time of certification, the total amount of po-  
4   tential tax credits allowed under section 14 of this 2026 Act, for all  
5   taxpayers in this state, may not exceed \$12.5 million for any tax year.**

6   **“SECTION 16. Section 14 of this 2026 Act applies to tax years be-  
7   ginning on or after January 1, 2026, and before January 1, 2032.**

8   **“SECTION 17.** ORS 314.772 is amended to read:

9   “314.772. (1) Except as provided in ORS 314.766 (5)(b), the tax credits al-  
10   lowed or allowable to a C corporation for purposes of ORS chapter 317 or  
11   318 shall not be allowed to an S corporation. The business tax credits al-  
12   lowed or allowable for purposes of ORS chapter 316 shall be allowed or are  
13   allowable to the shareholders of the S corporation.

14   “(2) In determining the tax imposed under ORS chapter 316, as provided  
15   under ORS 314.763, on income of the shareholder of an S corporation, there  
16   shall be taken into account the shareholder’s pro rata share of business tax  
17   credit (or item thereof) that would be allowed to the corporation (but for  
18   subsection (1) of this section) or recapture or recovery thereof. The credit (or  
19   item thereof), recapture or recovery shall be passed through to shareholders  
20   in pro rata shares as determined in the manner prescribed under section  
21   1377(a) of the Internal Revenue Code.

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

26   “(4) If the shareholder is a nonresident and there is a requirement appli-  
27   cable for the business tax credit that in the case of a nonresident the credit  
28   be allowed in the proportion provided in ORS 316.117, then that provision  
29   shall apply to the nonresident shareholder.

30   “(5) As used in this section, ‘business tax credit’ means the following

1 credits: ORS 315.104 (forestation and reforestation), ORS 315.124 (small forest  
2 option), ORS 315.133 (agricultural overtime pay), ORS 315.138 (fish screening,  
3 by-pass devices, fishways), ORS 315.141 (biomass production for biofuel), ORS  
4 315.156 (crop gleaning), ORS 315.164 and 315.169 (agriculture workforce  
5 housing), ORS 315.176 (bovine manure), ORS 315.204 (dependent care assist-  
6 ance), ORS 315.208 (dependent care facilities), ORS 315.213 (contributions for  
7 child care), ORS 315.237 (employee and dependent scholarships), ORS 315.271  
8 (individual development accounts), ORS 315.283 (affordable housing sales),  
9 ORS 315.304 (pollution control facility), ORS 315.326 (renewable energy de-  
10 velopment contributions), ORS 315.331 (energy conservation projects), ORS  
11 315.336 (transportation projects), ORS 315.341 (renewable energy resource  
12 equipment manufacturing facilities), ORS 315.354 and 469B.151 (energy con-  
13 servation facilities), ORS 315.506 (tribal taxes on reservation enterprise zones  
14 and reservation partnership zones), ORS 315.507 (electronic commerce), ORS  
15 315.514 (film production development contributions), ORS 315.518 (semicon-  
16 ductors), ORS 315.523 (employee training programs), ORS 315.533 (low income  
17 community jobs initiative), ORS 315.593 (short line railroads), ORS 315.640  
18 (university venture development funds), ORS 315.643 (Opportunity Grant  
19 Fund contributions), ORS 315.675 (Trust for Cultural Development Account  
20 contributions), ORS 317.097 (loans for affordable housing), ORS 317.124 (long  
21 term enterprise zone facilities) and ORS 317.147 (loans for agriculture  
22 workforce housing) and section 9, chapter 774, Oregon Laws 2013 (alternative  
23 fuel vehicle contributions), **and section 14 of this 2026 Act (new jobs).**

24       **“SECTION 18. This 2026 Act takes effect on the 91st day after the**  
25 **date on which the 2026 regular session of the Eighty-third Legislative**  
26 **Assembly adjourns sine die.”.**

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