

Senate Bill 359

Sponsored by Senator FREDERICK (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**.

Provides credit against income taxes for taxpayer creating jobs for certain removal and remedial actions. Applies to tax years beginning on or after January 1, 2017.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to a tax credit for cleanup of hazardous substances; creating new provisions; amending ORS
3 314.752 and 318.031; and prescribing an effective date.

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

5 **SECTION 1. Section 2 of this 2017 Act is added to and made a part of ORS chapter 315.**

6 **SECTION 2. (1) A credit in the amount of \$1,000 against the taxes otherwise due under**
7 **ORS chapter 316 or, if the taxpayer is a corporation, under ORS chapter 317 or 318 shall be**
8 **allowed to a taxpayer who:**

9 (a) **Creates 25 or more jobs during a removal or remedial action under ORS 465.200 to**
10 **465.545; or**

11 (b) **Increases the number of jobs by 30 percent over a three-year period during a removal**
12 **or remedial action under ORS 465.200 to 465.545.**

13 (2) **A nonresident shall be allowed the credit under this section in the proportion provided**
14 **under ORS 316.117.**

15 (3) **If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or**
16 **if the Department of Revenue terminates the taxpayer's taxable year under ORS 314.440, the**
17 **credit allowed under this section shall be prorated or computed in a manner consistent with**
18 **ORS 314.085.**

19 (4) **If a change in the status of a taxpayer from resident to nonresident or from nonres-**
20 **ident to resident occurs, the credit allowed under this section shall be determined in a**
21 **manner consistent with ORS 316.117.**

22 (5) **A credit may not be allowed under this section unless the Department of Environ-**
23 **mental Quality has certified the taxpayer's eligibility to claim the credit. The Department**
24 **of Environmental Quality, in consultation with the Department of Revenue, shall determine**
25 **by rule procedures for certification and shall maintain records of certifications in its offices.**
26 **If requested by the Department of Revenue, the taxpayer or the Department of Environ-**
27 **mental Quality shall file proof of the tax credit certification with the Department of Re-**
28 **venue.**

29 **SECTION 3. Section 2 of this 2017 Act applies to tax years beginning on or after January**
30 **1, 2017.**

31 **SECTION 4. ORS 314.752 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.

1 314.752. (1) Except as provided in ORS 314.740 (5)(b), the tax credits allowed or allowable to a
2 C corporation for purposes of ORS chapter 317 or 318 shall not be allowed to an S corporation. The
3 business tax credits allowed or allowable for purposes of ORS chapter 316 shall be allowed or are
4 allowable to the shareholders of the S corporation.

5 (2) In determining the tax imposed under ORS chapter 316, as provided under ORS 314.734, on
6 income of the shareholder of an S corporation, there shall be taken into account the shareholder's
7 pro rata share of business tax credit (or item thereof) that would be allowed to the corporation (but
8 for subsection (1) of this section) or recapture or recovery thereof. The credit (or item thereof), re-
9 capture or recovery shall be passed through to shareholders in pro rata shares as determined in the
10 manner prescribed under section 1377(a) of the Internal Revenue Code.

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

14 (4) If the shareholder is a nonresident and there is a requirement applicable for the business tax
15 credit that in the case of a nonresident the credit be allowed in the proportion provided in ORS
16 316.117, then that provision shall apply to the nonresident shareholder.

17 (5) As used in this section, "business tax credit" means a tax credit granted to personal income
18 taxpayers to encourage certain investment, to create employment, economic opportunity or incentive
19 or for charitable, educational, scientific, literary or public purposes that is listed under this sub-
20 section as a business tax credit or is designated as a business tax credit by law or by the Depart-
21 ment of Revenue by rule and includes but is not limited to the following credits: ORS 285C.309
22 (tribal taxes on reservation enterprise zones and reservation partnership zones), ORS 315.104 (fore-
23 station and reforestation), ORS 315.138 (fish screening, by-pass devices, fishways), ORS 315.141
24 (biomass production for biofuel), ORS 315.156 (crop gleaning), ORS 315.164 and 315.169 (agriculture
25 workforce housing), ORS 315.204 (dependent care assistance), ORS 315.208 (dependent care facili-
26 ties), ORS 315.213 (contributions for child care), ORS 315.304 (pollution control facility), ORS 315.326
27 (renewable energy development contributions), ORS 315.331 (energy conservation projects), ORS
28 315.336 (transportation projects), ORS 315.341 (renewable energy resource equipment manufacturing
29 facilities), ORS 315.354 and 469B.151 (energy conservation facilities), ORS 315.507 (electronic com-
30 merce) and ORS 315.533 (low income community jobs initiative) **and section 2 of this 2017 Act**
31 **(hazardous substances remediation).**

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

33 318.031. It being the intention of the Legislative Assembly that this chapter and ORS chapter
34 317 shall be administered as uniformly as possible (allowance being made for the difference in im-
35 position of the taxes), ORS 305.140 and 305.150, ORS chapter 314 and the following sections are in-
36 corporated into and made a part of this chapter: ORS 285C.309, 315.104, 315.141, 315.156, 315.204,
37 315.208, 315.213, 315.304, 315.326, 315.331, 315.336, 315.507 and 315.533 **and section 2 of this 2017**
38 **Act** (all only to the extent applicable to a corporation) and ORS chapter 317.

39 **SECTION 6. This 2017 Act takes effect on the 91st day after the date on which the 2017**
40 **regular session of the Seventy-ninth Legislative Assembly adjourns sine die.**