

A-Engrossed
House Bill 4110

Ordered by the House February 17
Including House Amendments dated February 17

Sponsored by Representatives REARDON, KENY-GUYER, BUEHLER; Representatives GALLEGOS, GREENLICK, HELM, LIVELY, NOSSE, RAYFIELD, TAYLOR, WILLIAMSON, WITT (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.

Increases percentage of federal earned income credit allowed to personal income taxpayer, based upon age of taxpayer's [*youngest*] dependent.

Applies to tax years beginning on or after January 1, 2017, and before January 1, 2020.

Provides, for purposes of statute ensuring payment of charges against real property transferred to tax-exempt government transferee, that conveyance does not include transfer of fee title of less than entire parcel of property for state highway, county road or city street purposes.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to taxation; creating new provisions; amending ORS 311.411 and 315.266; and prescribing
3 an effective date.

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

5 **SECTION 1.** ORS 315.266 is amended to read:

6 315.266. (1)(a) In addition to any other credit available for purposes of ORS chapter 316, an el-
7 igible resident individual shall be allowed a credit against the tax otherwise due under ORS chapter
8 316 for the tax year in an amount equal to eight percent of the earned income credit allowable to
9 the individual for the same tax year under section 32 of the Internal Revenue Code.

10 **(b) Notwithstanding paragraph (a) of this subsection, for a taxpayer with a dependent**
11 **under the age of three at the close of the tax year, the credit allowed under this section shall**
12 **be in an amount equal to 11 percent of the earned income credit allowable to the individual**
13 **for the same tax year under section 32 of the Internal Revenue Code.**

14 (2) An eligible nonresident individual shall be allowed the credit computed in the same manner
15 and subject to the same limitations as the credit allowed a resident by subsection (1) of this section.
16 However, the credit shall be prorated using the proportion provided in ORS 316.117.

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

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

23 (5) If the amount allowable as a credit under this section, when added to the sum of the amounts
24 allowable as payment of tax under ORS 316.187 or 316.583, other tax prepayment amounts and other

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 refundable credit amounts, exceeds the taxes imposed by ORS chapters 314 and 316 for the tax year
2 after application of any nonrefundable credits allowable for purposes of ORS chapter 316 for the tax
3 year, the amount of the excess shall be refunded to the taxpayer as provided in ORS 316.502.

4 (6) The Department of Revenue may adopt rules for purposes of this section, including but not
5 limited to rules relating to proof of eligibility and the furnishing of information regarding the federal
6 earned income credit claimed by the taxpayer for the tax year.

7 (7) Refunds attributable to the earned income credit allowed under this section [shall] **do** not
8 bear interest.

9 **SECTION 2. The amendments to ORS 315.266 by section 1 of this 2016 Act apply to tax**
10 **years beginning on or after January 1, 2017, and before January 1, 2020.**

11 **SECTION 3.** ORS 311.411 is amended to read:

12 311.411. (1) As used in this section:

13 (a) "Authorized agent" means an agent who is responsible for closing and settlement services
14 in a conveyance.

15 (b) "Charges against the real property" means all ad valorem property taxes, additional taxes
16 and potential additional taxes, fees, interest, penalties, costs and other charges that have been or
17 will be charged or listed during the property tax year on the assessment roll or the tax roll with
18 respect to real property that is the subject of an instrument described in subsection (2) of this sec-
19 tion.

20 (c) "Closing and settlement services" means services that are provided by:

21 (A) A licensed escrow agent in a real estate closing escrow within the meaning of ORS 696.505
22 to 696.590; or

23 (B) An attorney for the benefit of a transferor or a transferee in a conveyance, if, simultaneously
24 with the conveyance, the attorney deposits the unpaid purchase price into the attorney's client trust
25 account for disbursement pursuant to the written instructions of, or the agreement between, the
26 transferor and transferee.

27 (d) "Consideration" means the amount of cash paid for a conveyance.

28 (e) "Conveyance" means the transfer of, or a contract to transfer, fee title to any real property
29 located in this state to a transferee whose property is exempt from taxation under ORS 307.040 or
30 307.090. **"Conveyance" does not include a transfer of fee title of less than an entire parcel of**
31 **property for state highway, county road or city street purposes.**

32 (2) Notwithstanding ORS 205.130, a county clerk may not record or cause to be recorded an
33 instrument conveying or contracting to convey fee title to real property to an entity whose property
34 is exempt from taxation under ORS 307.040 or 307.090 unless the instrument is accompanied by a
35 certificate issued by the assessor of the county in which the real property is located attesting that
36 all charges against the real property as of the date of the recording have been paid.

37 (3)(a) On or after July 1 of any year, and before the date on which the assessor makes a cer-
38 tificate pursuant to ORS 311.105, a person seeking to record an instrument described in subsection
39 (2) of this section shall pay to the tax collector of the county:

40 (A) If the exact amount of charges against the real property can be computed by the county
41 assessor, the exact amount.

42 (B) If the exact amount cannot be computed, an amount equal to the county assessor's estimate
43 of the exact amount.

44 (b) The county assessor shall levy and the tax collector shall collect the exact amount or the
45 county assessor's estimate of the exact amount under this subsection.

1 (c) Payment made pursuant to this subsection may be made less any discount allowed under ORS
2 311.505.

3 (4)(a) Pursuant to written instructions from the transferor, an authorized agent in a conveyance
4 may withhold from the consideration payable to the transferor an amount equal to the amount of
5 charges against the real property as of the date of the conveyance.

6 (b) Amounts withheld pursuant to this subsection are held in trust for the taxing districts within
7 the county in which the real property is located and shall be paid to the county tax collector before
8 the consideration, net of the amounts withheld, may be paid to the transferor.

9 (5)(a) If all charges against the real property as of the date of the recording have been paid, the
10 county assessor shall issue the certificate described in subsection (2) of this section and may not
11 unreasonably withhold delivery of the certificate.

12 (b) The certificate shall be in a form prescribed by the Department of Revenue.

13 (6) Any deficiency in the amount required to be paid under this section:

14 (a) Notwithstanding ORS 311.405, is not a lien on the real property that is the subject of the
15 instrument described in subsection (2) of this section;

16 (b) Constitutes a personal debt of the person who has conveyed or contracted to convey the real
17 property under the instrument described in subsection (2) of this section; and

18 (c) Shall be collected as provided by law for the collection of delinquent property taxes on per-
19 sonal property.

20 **SECTION 4. This 2016 Act takes effect on the 91st day after the date on which the 2016**
21 **regular session of the Seventy-eighth Legislative Assembly adjourns sine die.**

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