

# House Bill 4110

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

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.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to taxation; creating new provisions; amending ORS 315.266; and prescribing an effective  
3 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) In addition to any other credit available for purposes of ORS chapter 316, an eligible  
7 resident individual shall be allowed a credit against the tax otherwise due under ORS chapter 316  
8 for the tax year in an amount equal to eight percent of the earned income credit allowable to the  
9 individual for the same tax year under section 32 of the Internal Revenue Code.

10 **(2) Notwithstanding subsection (1) of this section, for a taxpayer with a dependent under**  
11 **the age of five, the credit allowed under this section shall be in an amount equal to the fol-**  
12 **lowing percentage of the earned income credit allowable to the individual for the same tax**  
13 **year under section 32 of the Internal Revenue Code:**

14 **(a) For a taxpayer whose youngest dependent has attained the age of two but is less than**  
15 **the age of five at the close of the tax year, 14 percent; and**

16 **(b) For a taxpayer whose youngest dependent is under the age of two at the close of the**  
17 **tax year, 16 percent.**

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

22 [(3)] (4) If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or if  
23 the Department of Revenue terminates the taxpayer's taxable year under ORS 314.440, the credit  
24 allowed by this section shall be prorated or computed in a manner consistent with ORS 314.085.

25 [(4)] (5) If a change in the status of a taxpayer from resident to nonresident or from nonresident  
26 to resident occurs, the credit allowed by this section shall be determined in a manner consistent  
27 with ORS 316.117.

28 [(5)] (6) If the amount allowable as a credit under this section, when added to the sum of the  
29 amounts allowable as payment of tax under ORS 316.187 or 316.583, other tax prepayment amounts  
30 and other refundable credit amounts, exceeds the taxes imposed by ORS chapters 314 and 316 for

**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 the tax year after application of any nonrefundable credits allowable for purposes of ORS chapter  
2 316 for the tax year, the amount of the excess shall be refunded to the taxpayer as provided in ORS  
3 316.502.

4 [(6)] (7) The Department of Revenue may adopt rules for purposes of this section, including but  
5 not limited to rules relating to proof of eligibility and the furnishing of information regarding the  
6 federal earned income credit claimed by the taxpayer for the tax year.

7 [(7)] (8) Refunds attributable to the earned income credit allowed under this section [shall] do  
8 not 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. This 2016 Act takes effect on the 91st day after the date on which the 2016**  
12 **regular session of the Seventy-eighth Legislative Assembly adjourns sine die.**

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