

**SB 1528 -3 STAFF MEASURE SUMMARY**

**Senate Committee On Finance and Revenue**

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**Prepared By:** Kyle Easton, Economist

**Meeting Dates:** 2/6, 2/9

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**WHAT THE MEASURE DOES:**

Limits expenses for which dependent care income tax credit may be claimed to lesser of each spouse's income on joint return and to earned income taxable by Oregon. Applies to tax years beginning on or after January 1, 2019. Allows, in years in which tax credits have been certified for contributions to Oregon Production Investment Fund, Legislative Assembly to appropriate to fund balance of amount allowed for certification but not certified. Applies to fiscal years beginning on or after January 1, 2019. Adjusts sunset date for property tax exemption for low income rental housing.

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

-3 Replaces content of measure.

Makes available credit against personal or corporate income/excise taxes to taxpayers that make certified Opportunity Grant contributions to the Opportunity Grant Fund. Requires Department of Revenue, in cooperation with Higher Education Coordinating Commission to conduct auction of tax credits. Limits fiscal year certifications of tax credits to no more than \$14 million. Allows unused portion of tax credit to be carried forward up to three succeeding tax years. Applies to tax years beginning on or after January 1, 2019 and before January 1, 2025.

Established Opportunity Grant Fund in the State Treasury, separate and distinct from the General Fund. Directs moneys in the fund to be continuously appropriated to Higher Education Coordinating Commission. After paying administrative costs, directs funds to be used for the Oregon Opportunity Grant program.

Effective for tax years beginning on or after January 1, 2018, requires addition to federal taxable income for amount allowable as a deduction under section 199A(a) of the Internal Revenue Code.

Applicable beginning January 1, 2019. Makes available to sole proprietorships preferential tax rates on business income. Limits preferential tax rates available to sole proprietorships and nonpassive income of partnerships or S corporations to first \$250,000 of qualified taxable income. Limits use of preferential rates to businesses not classified in certain North American Industry Classification System industries.

For tax years 2018 - 2025, reduces personal income tax rates from 5% to 4% and 7% to 6%.

Eliminates reporting requirement of Legislative Revenue Office.

**BACKGROUND:**