

A-Engrossed
House Bill 3028

Ordered by the House April 5
Including House Amendments dated April 5

Sponsored by Representatives REARDON, KENY-GUYER; Representatives ALONSO LEON, HELT, HERNANDEZ, MARSH, PILUSO, RESCHKE, SANCHEZ, SCHOUTEN, WILLIAMS, Senators RILEY, TAYLOR

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 allowable as credit against Oregon personal income tax. **Provides additional percentage tier based upon age of youngest dependent of taxpayer.** Allows otherwise qualified individual to claim credit under individual taxpayer identification number in lieu of Social Security number.

Applies to tax years beginning on or after January 1, 2020, and before January 1, 2026.

Extends sunset for earned income tax credit.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to earned income tax credits; creating new provisions; amending ORS 315.266 and section
3 6, chapter 880, Oregon Laws 2007; and prescribing 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 eli-
7 gible 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*] **12** percent of the earned income credit allowable
9 to 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 under the*
11 *age of three at the close of the tax year, the credit allowed under this section shall be in an amount*
12 *equal to 11 percent of the earned income credit allowable to the individual for the same tax year under*
13 *section 32 of the Internal Revenue Code.*]

14 **(b) Notwithstanding paragraph (a) of this subsection, the credit allowed under this sec-**
15 **tion shall be in an amount equal to a percentage of the earned income credit allowable to the**
16 **individual for the same tax year under section 32 of the Internal Revenue Code, as follows:**

17 **(A) For a taxpayer with a dependent under the age of three years at the close of the tax**
18 **year, 18 percent.**

19 **(B) For a taxpayer with a youngest dependent three years of age or older and under six**
20 **years of age at the close of the tax year, 15 percent.**

21 **(2) A resident individual may claim a credit under this section, using either a Social Se-**
22 **curity number or an individual taxpayer identification number, if, but for section 32(m) of**
23 **the Internal Revenue Code, the individual would otherwise be eligible to claim a credit under**
24 **section 32 of the Internal Revenue Code. The credit allowed shall be the percentage, as**
25 **stated in subsection (1) of this section, of the amount that would be allowed on a federal**

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 **return, based on the amount of the individual's earned income and the other provisions of**
2 **section 32 of the Internal Revenue Code. The Department of Revenue shall by rule establish**
3 **procedures and guidelines for determining the amount of credit allowed.**

4 [(2)] (3) An eligible nonresident individual shall be allowed the credit computed in the same
5 manner and subject to the same limitations as the credit allowed a resident by subsection (1) of this
6 section. However, the credit shall be prorated using the proportion provided in ORS 316.117.

7 [(3)] (4) If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or if
8 the Department of Revenue terminates the taxpayer's taxable year under ORS 314.440, the credit
9 allowed by this section shall be prorated or computed in a manner consistent with ORS 314.085.

10 [(4)] (5) If a change in the status of a taxpayer from resident to nonresident or from nonresident
11 to resident occurs, the credit allowed by this section shall be determined in a manner consistent
12 with ORS 316.117.

13 [(5)] (6) If the amount allowable as a credit under this section, when added to the sum of the
14 amounts allowable as payment of tax under ORS 316.187 or 316.583, other tax prepayment amounts
15 and other refundable credit amounts, exceeds the taxes imposed by ORS chapters 314 and 316 for
16 the tax year after application of any nonrefundable credits allowable for purposes of ORS chapter
17 316 for the tax year, the amount of the excess shall be refunded to the taxpayer as provided in ORS
18 316.502.

19 [(6)] (7) The Department of Revenue may adopt rules for purposes of this section, including but
20 not limited to rules relating to proof of eligibility and the furnishing of information regarding the
21 federal earned income credit claimed by the taxpayer for the tax year.

22 [(7)] (8) Refunds attributable to the earned income credit allowed under this section do not bear
23 interest.

24 **SECTION 2.** Section 6, chapter 880, Oregon Laws 2007, as amended by section 1, chapter 750,
25 Oregon Laws 2013, is amended to read:

26 **Sec. 6.** ORS 315.266 applies to tax years beginning before January 1, [2020] 2026.

27 **SECTION 3.** **The amendments to ORS 315.266 by section 1 of this 2019 Act apply to tax**
28 **years beginning on or after January 1, 2020, and before January 1, 2026.**

29 **SECTION 4.** **This 2019 Act takes effect on the 91st day after the date on which the 2019**
30 **regular session of the Eightieth Legislative Assembly adjourns sine die.**

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