

D R A F T

SUMMARY

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

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

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

19 **(b) For a taxpayer whose youngest dependent is under the age of**

1 **two at the close of the tax year, 16 percent.**

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

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

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

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

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

25 [(7)] (8) Refunds attributable to the earned income credit allowed under
26 this section [shall] **do** not bear interest.

27 **SECTION 2. The amendments to ORS 315.266 by section 1 of this**
28 **2016 Act apply to tax years beginning on or after January 1, 2017, and**
29 **before January 1, 2020.**

30 **SECTION 3. This 2016 Act takes effect on the 91st day after the date**
31 **on which the 2016 regular session of the Seventy-eighth Legislative**

1 **Assembly adjourns sine die.**

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