

# DRAFT

## SUMMARY

Increases percentage of federal earned income credit allowed to personal income taxpayer. Provides for payment of refundable portion of credit in monthly installments.

Applies to tax years beginning on or after January 1, 2016, and before January 1, 2020.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to earned income credits; creating new provisions; amending ORS  
3 315.266; 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) 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*] **nine** percent of the earned income credit allowable to the  
10 individual for the same tax year under section 32 of the Internal Revenue  
11 Code.

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

16 (3) If a change in the taxable year of a taxpayer occurs as described in  
17 ORS 314.085, or if the Department of Revenue terminates the taxpayer's  
18 taxable year under ORS 314.440, the credit allowed by this section shall be

1 prorated or computed in a manner consistent with ORS 314.085.

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

5 (5) If the amount allowable as a credit under this section, when added to  
6 the sum of the amounts allowable as payment of tax under ORS 316.187 or  
7 316.583, other tax prepayment amounts and other refundable credit amounts,  
8 exceeds the taxes imposed by ORS chapters 314 and 316 for the tax year after  
9 application of any nonrefundable credits allowable for purposes of ORS  
10 chapter 316 for the tax year, the amount of the excess shall be refunded to  
11 the taxpayer as provided in ORS 316.502.

12 **(6) Notwithstanding ORS 305.270, 314.415 and 314.466, any amount**  
13 **of the taxpayer's refund that is attributable to the refundable portion**  
14 **of the credit allowed under this section shall be paid in 12 equal**  
15 **monthly installments, with the first installment being paid to the**  
16 **taxpayer before the 90th day following the date on which the**  
17 **taxpayer's return is filed, and each subsequent installment being paid**  
18 **by the 20th day of the month.**

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

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

25 **SECTION 2. The amendments to ORS 315.266 by section 1 of this**  
26 **2016 Act apply to tax years beginning on or after January 1, 2016, and**  
27 **before January 1, 2020.**

28 **SECTION 3. This 2016 Act takes effect on the 91st day after the date**  
29 **on which the 2016 regular session of the Seventy-eighth Legislative**  
30 **Assembly adjourns sine die.**

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