

**STATE OF OREGON
OREGON HOUSING AND COMMUNITY SERVICES**

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding No. 1535 ("Agreement") is entered into between the State of Oregon acting by and through its Department of Housing and Community Services ("OHCS") and its Department of Revenue ("DOR") and its Department of Consumer & Business Services Occupational Safety and Health Division ("OR-OSHA") referred to collectively herein as "the Parties".

Background

2012 Farm Worker Housing Tax Credit ("FWHTC") Changes

In 2011, the Joint Committee on Tax Credits contemplated extension of the sunset on the FWHTC to 2020. While this committee (and a previous review by a policy committee) were supportive of the extension, a number of questions came up during the legislative hearings. With insufficient time in the session to make a decision, committee leadership promised to revisit the issue in the 2012 session.

Over the summer of 2011 and into 2012, representatives from the Departments of Revenue, Oregon Housing & Community Services, Oregon Department of Agriculture, and OR-OSHA met with the Oregon Farm Bureau, Oregon Association of Nurseries, Oregon Opportunity Network and various housing groups to address many of the questions that came up during those committee hearings.

The group determined that the following changes should be made to the FWHTC program to better account for housing created/rehabilitated on-farm and in the community.

Agreement Parameters

Regulatory/Administrative Changes-OHCS

1. Prior to award of credits, OHCS shall verify with OR-OSHA that owners of farm labor camps who apply for FWHTCs are current with the registration (if required) of their farm labor camp as well as being in compliance with all rules and regulations related to their farm labor camps.
2. OHCS will provide OR-OSHA with a list of all projects receiving tax credits.
3. During the 10 -year compliance period of the tax credits, OHCS will periodically cross check with OR-OSHA that labor camps receiving tax credits are still registered.
4. OHCS will re-evaluate the amount of credit award based upon actual project costs at completion of work and will adjust the amount of credit awarded if actual costs are insufficient to support original award. Information will be forwarded to DOR.
5. Annually, OHCS and DOR will prepare a report that shows the total amount of FWHTCs awarded and claimed on an annual basis. Both agencies will track the credits to determine

potential future liability to the state from unclaimed/unused credits.

Regulatory/Administrative Changes - OR-OSHA

1. FWHTC-funded camps will be included in the pool from which the farm worker housing inspection scheduling list is drawn.
2. Subsequent to an on-site inspection of labor housing receiving tax credits, OR-OSHA will take the following steps. If camp is in compliance with the requirements of OR-OSHA farm labor housing rules, no action is necessary. If not in compliance, OR-OSHA will take its usual actions and will inform DOR and OHCS of any citations issued.

Regulatory/Administrative Changes – DOR

1. Ensure the credit is tracked.

For Corporate returns, tracking must be based on the credit information provided by OHCS (credits awarded, tax payer, etc.) and transfer information from tax recipient or OHCS. There is no separate line, no ability to input a code on corporate returns.

For personal tax returns, this information can currently be tracked with a code.

With both programs, ability to track carryover amounts is limited to approximation of the difference between awarded and claimed. There is no way to tell from the tax return how much credit is carried to the next year.

Credit information is limited to summary form; no individual tax return information can be disclosed.

2. Expanded reporting between DOR/OHCS will show:
 - Project completion date, thus improving monitoring of credits to assure they are claimed after completion of work and for allowable term (OHCS began this practice for 2011 credits awarded);
 - Name and contact information of contributors who may have purchased credits thus identifying the taxpayer who will claim credit;
 - Total amount of FWHTCs awarded and claimed on an annual basis. Both agencies will track the credits to determine potential future liability to state from unclaimed/unused credits. DOR will provide reporting to OHCS by December 1st each year on the previous tax year.

Term of Agreement

Unless otherwise amended or extended, this Agreement shall be effective as of the date of execution by all Parties, and shall remain in effect until terminated.

Compliance with Applicable Law

All Parties shall comply with all federal, state and local laws, regulations, executive orders and ordinances applicable to the work under this Agreement including but not limited to Oregon Revised Statute 315.163-315.172.

Contact Persons/Authorized Officials

Unless otherwise stated, the designees named below shall be the contact for all activities relating to the work to be performed under this Agreement.

Department of Consumer & Business Services
Occupational Safety and Health Division
Marilyn Schuster
350 Winter St NE Rm 430
Salem, OR 97209-0405
Phone: 503-378-3272

Department of Revenue
Business and Personal Tax
Ken Ross
955 Center St NE
Salem, OR 97301
Phone: 503-945-8890

Oregon Housing and Community Services
Multifamily Housing Section
Heather Pate
725 Summer St. NE, Ste. B
Salem, OR 97301-1266
Phone: 503-986-6757

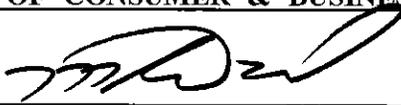
Amendments

The terms of this Agreement shall not be waived, altered, modified, supplemented or amended in any manner whatsoever, except by written instrument signed by all Parties.

Approvals

Now, therefore, in consideration of the mutual promises and undertakings contained herein, the parties hereto consent to the provisions of this Agreement.

DEPARTMENT OF CONSUMER & BUSINESS SERVICES OCCUPATIONAL SAFETY AND HEALTH DIVISION

Authorized Signature:  Title: Administrator Date: 2/19/12
Michael Wood

DEPARTMENT OF REVENUE

Authorized Signature: (See attached signature page) Title: _____ Date: _____
Stephainie Lehman

OREGON HOUSING AND COMMUNITY SERVICES

Authorized by:  Date: 2.13.12
Margaret S. Van Vliet, Director or designee

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DEPARTMENT OF CONSUMER & BUSINESS SERVICES OCCUPATIONAL SAFETY AND HEALTH DIVISION

Authorized Signature: Michael Wood Title: _____ Date: _____

DEPARTMENT OF REVENUE

Authorized Signature: Stephanie Lehman Title: Procurement Contracts manager Date: 2/9/12

OREGON HOUSING AND COMMUNITY SERVICES