

74TH OREGON LEGISLATIVE ASSEMBLY
STAFF MEASURE SUMMARY
SENATE FINANCE & REVENUE COMMITTEE

MEASURE: HB 2810-C
CARRIER: Sen. Monroe

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

Action: Do pass with amendments to the B-engrossed bill and be printed engrossed

Vote: 5-0-0

Yeas: Burdick, G. George, Monroe, Starr, Deckert

Nays:

Exc.:

Prepared By: Chris Allanach, Economist

Meeting Dates: 6/21

WHAT THE BILL DOES: Extends the sunset date on the credit for contributions to the Child Care Division from January 1, 2009 to January 1, 2013. Extends the refundability of the earned income credit through tax year 2013 and sunsets the entire credit as of January 1, 2014.

ISSUES DISCUSSED:

- Child care for low-income parents
- Impact of quality child care and the earned income credit
- Purpose of the credit, which is to provide a funding pool for child care to improve the quality of care for the children of low- and moderate-income families in Oregon
- As per Committee rules, the following metrics were adopted for evaluating this credit:
 - The number of programs funded
 - The number of children served

EFFECT OF COMMITTEE AMENDMENTS: Extends the refundability of the earned income credit through tax year 2013 and sunsets the entire credit as of January 1, 2014.

BACKGROUND:

A credit against personal income and corporate excise and income taxes is allowed for certified contributions made to the Child Care Division of the Oregon Employment Department. The total value of credit certifications may not exceed \$500,000 per calendar year. If a deduction for the contribution is made in determining federal taxes, the deducted amount must be added back to Oregon taxable income to claim the credit. The credit has a four-year carryforward.

In tax year 2005, roughly 75 individuals claimed a total of \$280,000 in credits and reduced their collective tax liability by roughly \$260,000. Few corporations claim the credit.

6/24/2007 9:04:33 PM

This summary has not been adopted or officially endorsed by action of the committee.