

2007 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 2811 **STATUS:** Original
SUBJECT: Eliminates annual \$500,000 tax credit certificate limit for Employment Department, Child Care Division tax credit
GOVERNMENT UNIT AFFECTED: Employment Department
PREPARED BY: John F. Borden
REVIEWED BY: Michelle Deister
DATE: April 9, 2007

| | <u>2007-2009</u> | <u>2009-2011</u> |
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| EXPENDITURES: See Comment | | |

EFFECTIVE DATE: January 1, 2008

GOVERNOR'S BUDGET: This bill is not anticipated by the Governor's recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: This measure eliminates the annual \$500,000 tax credit certificate limit for Employment Department, Child Care Division tax credit beginning January 1, 2008.

Under current law, the total value of the tax credit certificates available to all selected community agencies in Oregon may not exceed \$500,000 per calendar year. Oregon taxpayers receive a state tax credit of \$0.75 cents for each dollar contributed. The Employment Department reports that it receives \$666,667 annually or \$1 for each \$0.75 of tax credit issued up to the cap of \$500,000.

The Employment Department reports that since the inception of the tax credit program, the \$500,000 cap has been achieved or fully subscribed. The removal of this cap may increase subscriptions; however the amount of the actual increase that would occur during the 2009-11 biennium is indeterminate. Any additional revenue generated could be used to pay for any additional program administrative expense, with the assumption being that a significant portion of the funds (currently 96% of revenue collected under current law) being paid to a non-profit qualified community agency who the Department contracts with for disbursement of the funds to daycare centers. The funds are then used by daycare centers to subsidize the wages of staff, purchase equipment, and defray the daycare cost for some families.

This measure does not require a subsequent referral to the Joint Committee on Ways and Means since the revenue and expenditure impact would be outside the current 2007-09 budget process.