

House Bill 3177

Sponsored by Representative HOLVEY

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Modifies working family child care income tax credit to allow credit to be claimed for child care costs of taxpayers with disabilities that prevent their providing child care, being employed or attending school.

Applies to tax years beginning on or after January 1, 2007.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to tax credits; creating new provisions; amending ORS 315.262; and prescribing an effective
3 date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 315.262 is amended to read:

6 315.262. (1) As used in this section:

7 (a) "Child care" means care provided to a qualifying child of the taxpayer:

8 (A) For the purpose of allowing the taxpayer to be gainfully employed, to seek employment or
9 to attend school on a full-time or part-time basis; **or**

10 (B) **Because a disability of the taxpayer prevents the taxpayer from providing child care,**
11 **being employed or attending school.**

12 (b) "Child care" [*except that the term*] does not include care provided by:

13 (A) The child's parent or guardian, unless the care is provided in a certified or registered child
14 care facility; or

15 (B) A person who has a relationship to the taxpayer that is described in section 152(a) of the
16 Internal Revenue Code who has not yet attained 19 years of age at the close of the tax year.

17 [(b)] (c) "Child care expenses" means the costs associated with providing child care to a quali-
18 fying child of a qualified taxpayer.

19 [(c)] (d) "Earned income" has the meaning given that term in section 32 of the Internal Revenue
20 Code.

21 [(d)] (e) "Qualified taxpayer" means a taxpayer:

22 (A) Who is an Oregon resident with at least \$6,000 of earned income for the tax year or who is
23 a nonresident of Oregon with at least \$6,000 of earned income from Oregon sources for the tax year;

24 (B) With federal adjusted gross income for the tax year that does not exceed 250 percent of the
25 federal poverty level;

26 (C) With Oregon adjusted gross income for the tax year that does not exceed 250 percent of the
27 federal poverty level; and

28 (D) Who does not have more than the maximum amount of disqualified income under section
29 32(i) of the Internal Revenue Code that is allowed to a taxpayer entitled to the earned income tax
30 credit for federal tax purposes.

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.
New sections are in **boldfaced** type.

1 [(e)] (f) “Qualifying child” has the meaning given that term in section 152 of the Internal Re-
 2 venue Code except that it is limited to an individual who is under 13 years of age, or who is a dis-
 3 abled child, as that term is defined in ORS 316.099.

4 (2) A qualified taxpayer shall be allowed a credit against the taxes otherwise due under ORS
 5 chapter 316 equal to the applicable percentage of the qualified taxpayer’s child care expenses
 6 (rounded to the nearest \$50).

7 (3) The applicable percentage to be used in calculating the amount of the credit provided in this
 8 section shall be determined in accordance with the following table:

Applicable	Greater of Oregon
Percentage	Adjusted Gross Income or
	Federal Adjusted
	Gross Income, as Percent
	of Federal Poverty Level
17 40	200 or less
18 36	Greater than 200 and less than
19	or equal to 210
20 32	Greater than 210 and less than
21	or equal to 220
22 24	Greater than 220 and less than
23	or equal to 230
24 16	Greater than 230 and less than
25	or equal to 240
26 8	Greater than 240 and less than
27	or equal to 250
28 0	Greater than 250 percent
29	of federal poverty level

31
 32 (4) The Department of Revenue may prescribe the form used to claim a credit and the informa-
 33 tion required on the form.

34 (5) In the case of a credit allowed under this section:

35 (a) A nonresident shall be allowed the credit under this section in the proportion provided in
 36 ORS 316.117.

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

40 (c) If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or if the
 41 Department of Revenue terminates the taxpayer’s taxable year under ORS 314.440, the credit al-
 42 lowed under this section shall be prorated or computed in a manner consistent with ORS 314.085.

43 (d) In the case of a qualified taxpayer who is married, a credit shall be allowed under this sec-
 44 tion only if:

45 (A) The taxpayer files a joint return;

1 (B) The taxpayer files a separate return and is legally separated or subject to a separate main-
 2 tenance agreement; or

3 (C) The taxpayer files a separate return and the taxpayer and the taxpayer’s spouse reside in
 4 separate households on the last day of the tax year with the intent of remaining in separate
 5 households in the future.

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

12 (7)(a) The minimum amount of earned income a taxpayer must earn in order to be a qualified
 13 taxpayer shall be adjusted for tax years beginning in each calendar year by multiplying \$6,000 by
 14 the ratio of the monthly averaged U.S. City Average Consumer Price Index for the 12 consecutive
 15 months ending August 31 of the prior calendar year over the monthly averaged index for the second
 16 quarter of the calendar year 1998.

17 (b) As used in this subsection, “U.S. City Average Consumer Price Index” means the U.S. City
 18 Average Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau of
 19 Labor Statistics of the United States Department of Labor.

20 (c) If any adjustment determined under paragraph (a) of this subsection is not a multiple of \$50,
 21 the adjustment shall be rounded to the nearest multiple of \$50.

22 (d) Notwithstanding paragraphs (a) to (c) of this subsection, the adjusted minimum amount of
 23 earned income a taxpayer must earn may not exceed the amount an individual would earn if the
 24 individual worked 1,040 hours at the minimum wage established under ORS 653.025 and in effect on
 25 January 1 of the calendar year in which begins the tax year of the taxpayer, rounded to the next
 26 lower multiple of \$50.

27 **SECTION 2. The amendments to ORS 315.262 by section 1 of this 2007 Act apply to tax**
 28 **years beginning on or after January 1, 2007.**

29 **SECTION 3. This 2007 Act takes effect on the 91st day after the date on which the reg-**
 30 **ular session of the Seventy-fourth Legislative Assembly adjourns sine die.**