

REVENUE: Revenue statement issued

FISCAL: Minimal fiscal impact, no statement issued

Action: Without Recommendation as to Passage, but with Amendments and Be Printed Engrossed and Be Referred to the Joint Committee on Tax Credits by prior reference

Vote: 6 - 2 - 2

Yeas: Barton, Fagan, Holvey, Kennemer, Thompson, Doherty

Nays: Thatcher, Witt

Exc.: Matthews, Weidner

Prepared By: Jan Nordlund, Administrator

Meeting Dates: 2/15, 3/11

WHAT THE MEASURE DOES: Extends sunset to 2020 for tax credit for payments to employee and dependent scholarship program. Requires scholarship subject to tax credit be used to pay expenses of attending educational institution located in Oregon.

ISSUES DISCUSSED:

- Role of Oregon Student Access Commission (OSAC)
- Anticipated increase in OSAC outreach to small businesses
- Economic recession's impact on scholarship programs
- Ability to apply scholarship money to public and private schools, and to schools outside of Oregon
- Whether employer can receive tax credit if scholarship funds were raised by employees
- OSAC administrative cost to provide program certification
- Intended to assist students attending Oregon schools by providing tax credit to Oregon employers
- Whether scholarship awards should be based on need

EFFECT OF COMMITTEE AMENDMENT: Requires scholarship be used to pay expenses of attending educational institution located in Oregon.

BACKGROUND: The Legislative Assembly created the tax credit in 2001 for employer-provided scholarship programs. Though the intent is not stated in statute, the committee discussed the value of providing support to local students attending Oregon schools. To qualify for the tax credit, employers must have between four and 250 employees and their scholarship program and tax credit amount must be certified by the Oregon Student Access Commission (OSAC). Qualifying employers may claim a credit against their income tax for 50 percent of the amount of the scholarships, with a maximum credit of \$50,000 per tax year.

There are currently three businesses certified to participate in the tax credit program. The total amount of tax credits granted to employers in 2012 was \$4,250, based on scholarships totaling \$8,500. The highest amount of tax credits granted in a single year was \$8,000 in 2003.