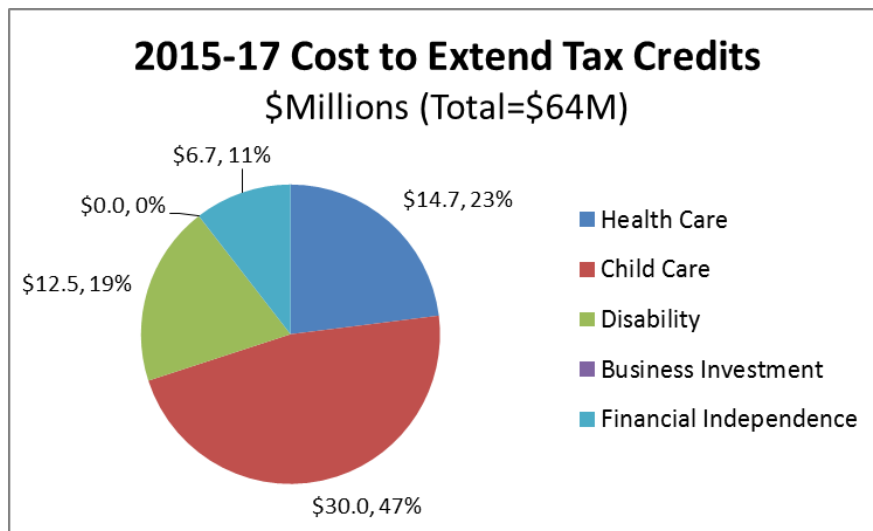


# Child Care Tax Credits

## Tax Credit Process

- Policy Committee
  - Purpose or goal to be accomplished via tax credits
  - Context with direct spending programs
  - Potential changes to better achieve goals
- Joint Committee on Tax Credits



## Resources for the Committee

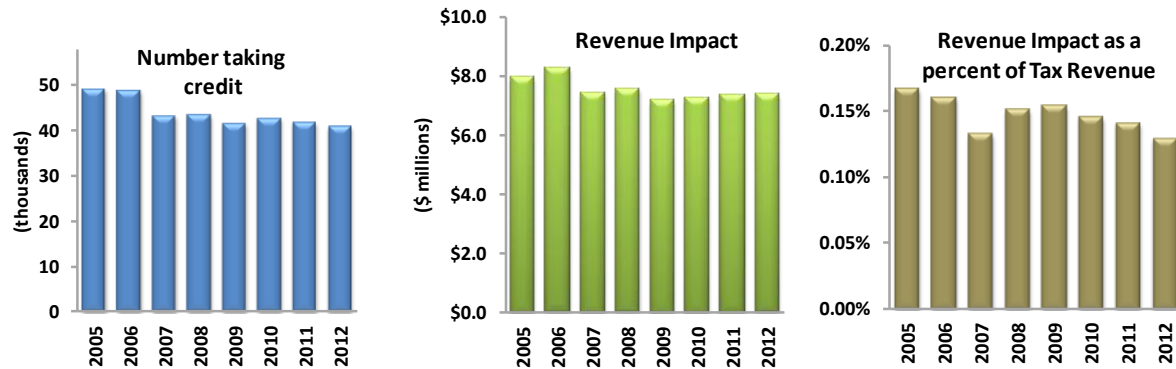
- LRO Tax Credit Report
- Tax Expenditure Report (<http://www.oregon.gov/dor/STATS/Pages/tax-expenditure-report-2015-17.aspx>)
- Attached supplemental DOR data
- LRO

## 1.421 Child and Dependent Care (ORS 316.078)

Sunset: December 31, 2015

A personal income tax credit for employment related dependent care expenses is allowed to taxpayers who qualify for the federal child and dependent care credit. The Oregon credit amount ranges from 4 percent to 30 percent of eligible expenses, based on federal taxable income. The credit is not allowed for incomes over \$45,000.

### Credit History – Personal Income Tax



### Credit used by Income Category

#### Child and Dependent Care - by Income - 2012 Personal Income Tax Filers

Income Group of Full-Year Filers*	Number of Filers Taking Credit	Percent of filers in income group taking credit	Average Revenue Impact of Credit	Revenue Impact (\$ millions)	Percent of Revenue Impact by Income Group
Below \$12,400	2,010	0.6%	\$26	\$0.1	0.7%
\$12,400 - \$26,000	10,350	3.2%	\$272	\$2.8	37.3%
\$26,000 - \$46,400	12,800	4.0%	\$219	\$2.8	37.1%
\$46,400 - \$81,800	14,190	4.4%	\$124	\$1.8	23.2%
Above \$81,800	750	0.2%	\$170	\$0.1	1.7%
<b>All Full-Year Filers</b>	<b>40,100</b>	<b>2.5%</b>	<b>\$188</b>	<b>\$7.5</b>	<b>100.0%</b>
<b>Part-Year and Nonresident Filers</b>	<b>3,690</b>		<b>\$108</b>	<b>\$0.4</b>	

\*Each income group contains 20 percent of the full-year filers (approximately 322,500)

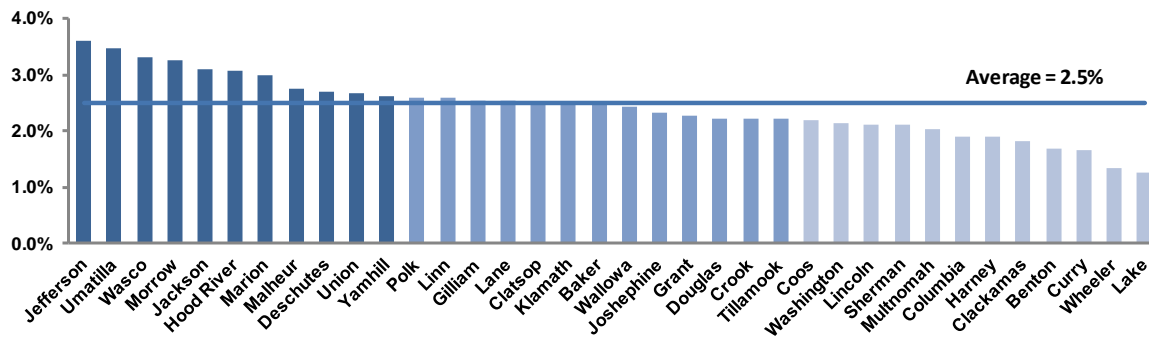
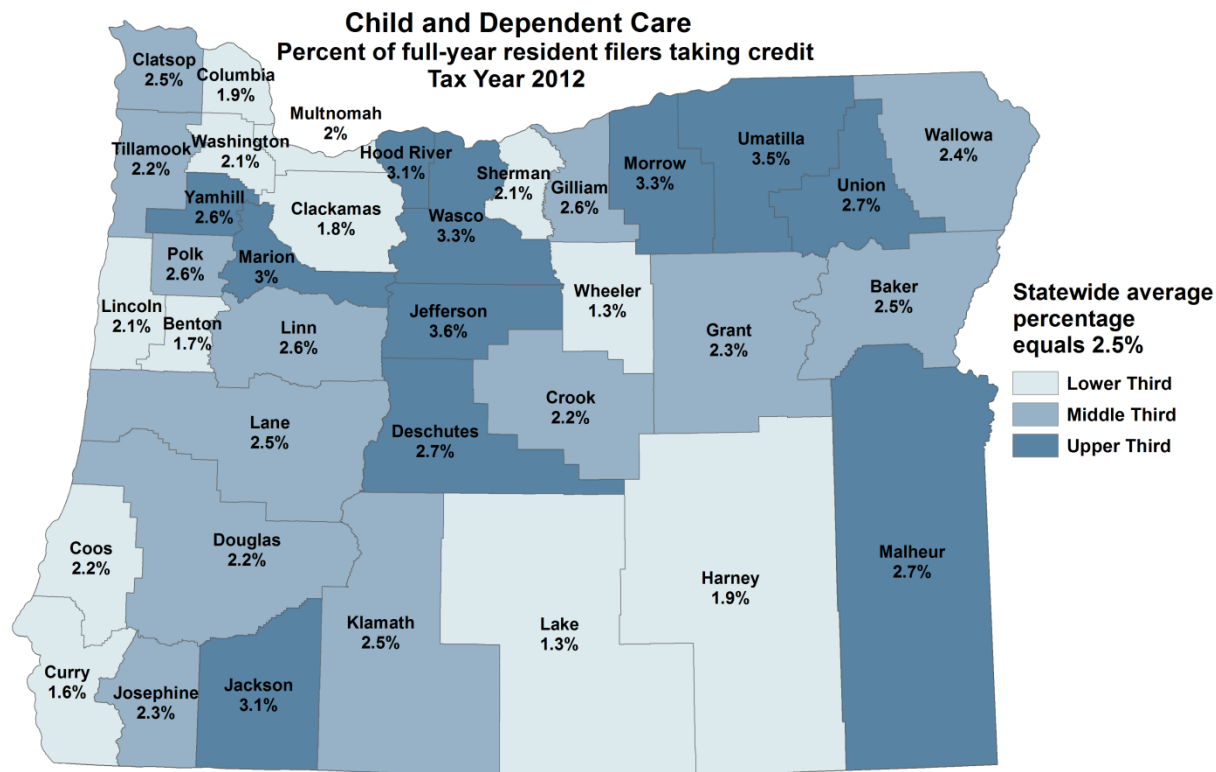
### Credit used by Age of Primary Filer

#### Child and Dependent Care - by Age - 2012 Personal Income Tax Filers

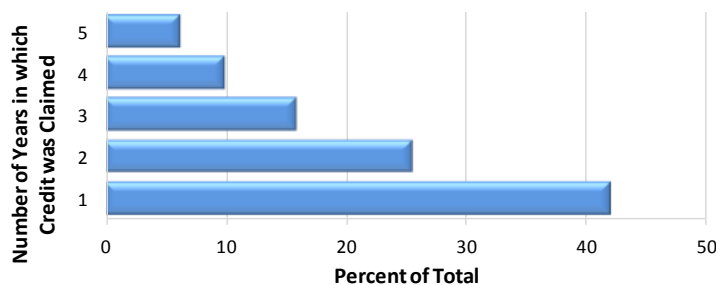
Age Group of Full-Year Filers*	Number of Filers Taking Credit	Percent of filers in age group taking credit	Average Revenue Impact of Credit	Revenue Impact (\$ millions)	Percent of Revenue Impact by Age Group
Below 28	7,320	2.3%	\$219	\$1.6	21.3%
29 - 40	22,540	7.0%	\$191	\$4.3	56.9%
40 - 51	9,060	2.8%	\$163	\$1.5	19.5%
52 - 63	1,090	0.3%	\$149	\$0.2	2.1%
Above 63	90	0.0%	\$121	\$0.0	0.1%
<b>All Full-Year Filers</b>	<b>40,100</b>	<b>2.5%</b>	<b>\$188</b>	<b>\$7.5</b>	<b>100.0%</b>

\*Each age group contains 20 percent of the full-year filers (approximately 322,500)

# Geographical Distribution of Credit



## Consistency of Taxpayers Claiming Credit in the Past Five Tax Years



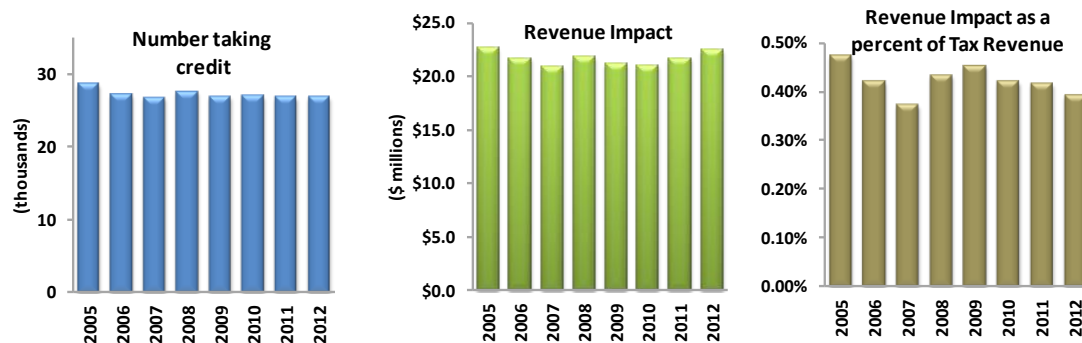
This chart illustrates the number of years in which a taxpayer claimed the credit for tax years 2008-2012. For example, a reporting of 50% in the 3 year category would mean that 50% of taxpayers that claimed the credit in tax years 2008-2012 did so in three separate tax years.

## 1.422 Working Family Child Care (ORS 315.262)

Sunset: December 31, 2015

A refundable personal income tax credit is allowed for qualifying child care expenses for low income working families. To qualify, a taxpayer must have a minimum amount of Oregon source earned income and must not exceed the maximum allowable investment income (such as interest, dividends, and capital gains). The credit is calculated as a percentage of qualified child care expenses. The credit is 40 percent for those with federal adjusted gross income (AGI) at or below 200 percent of the federal poverty level. It phases out with a declining percentage for taxpayers with AGI between 200 percent and 250 percent of the federal poverty level. Qualifying child care expenses are those necessary for the taxpayer (and spouse, if married) to be gainfully employed, seeking employment, or attending school part-time or full-time. The care must be for a child under 13 or a child with a disability as defined in ORS 316.099.

### Credit History – Personal Income Tax



### Credit used by Income Category

Working Family Child Care - by Income - 2012 Personal Income Tax Filers

Income Group of Full-Year Filers*	Number of Filers Taking Credit	Percent of filers in income group taking credit	Average Revenue Impact of Credit	Revenue Impact (\$ millions)	Percent of Revenue Impact by Income Group
Below \$12,400	1,560	0.5%	\$612	\$1.0	4.5%
\$12,400 - \$26,000	8,920	2.8%	\$824	\$7.3	34.4%
\$26,000 - \$46,400	10,780	3.3%	\$948	\$10.2	47.8%
\$46,400 - \$81,800	3,800	1.2%	\$746	\$2.8	13.3%
Above \$81,800	40	0.0%	\$609	\$0.0	0.1%
<b>All Full-Year Filers</b>	<b>25,110</b>	<b>1.6%</b>	<b>\$852</b>	<b>\$21.4</b>	<b>100.0%</b>
<b>Part-Year and Nonresident Filers</b>	<b>1,730</b>		<b>\$611</b>	<b>\$1.1</b>	

\*Each income group contains 20 percent of the full-year filers (approximately 322,500)

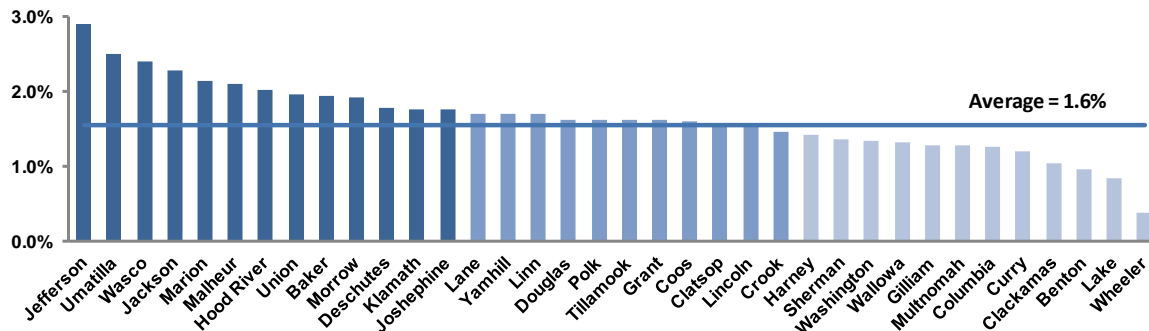
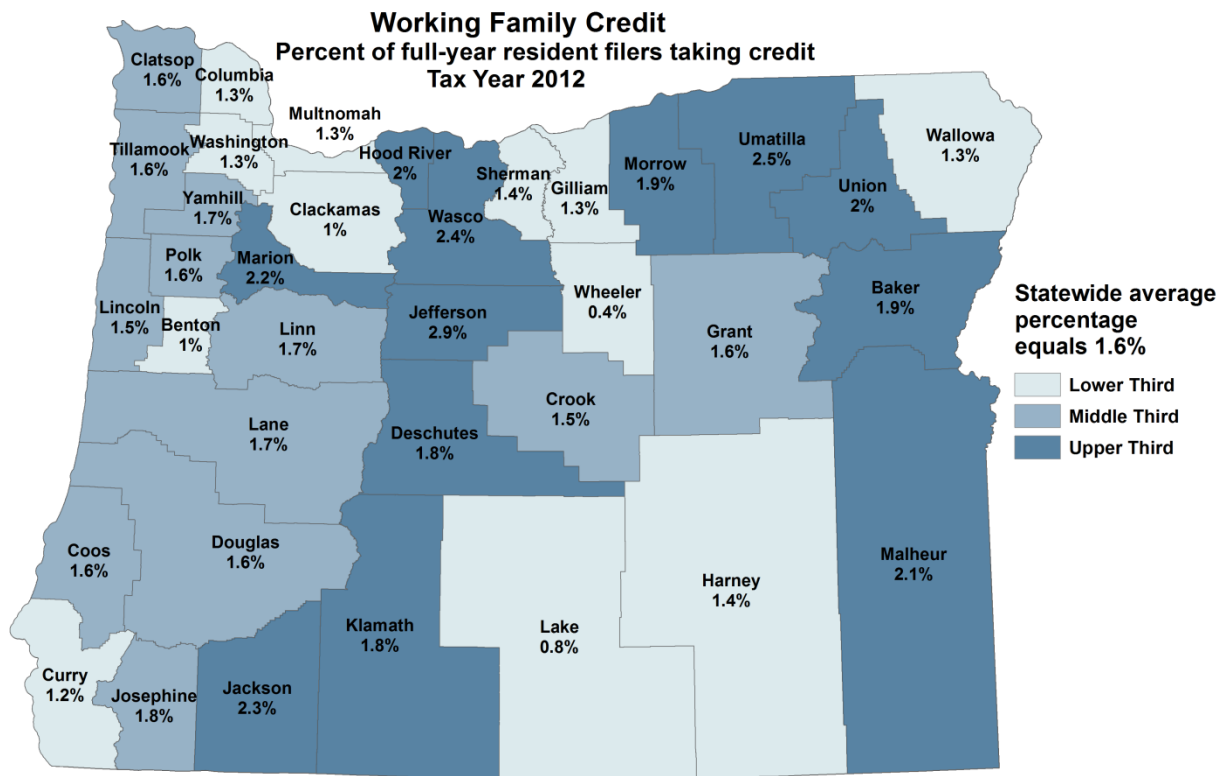
### Credit used by Age of Primary Filer

Working Family Child Care - by Age - 2012 Personal Income Tax Filers

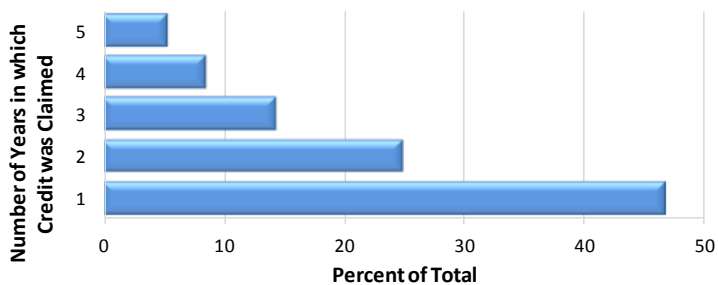
Age Group of Full-Year Filers*	Number of Filers Taking Credit	Percent of filers in age group taking credit	Average Revenue Impact of Credit	Revenue Impact (\$ millions)	Percent of Revenue Impact by Age Group
Below 28	5,820	1.8%	\$804	\$4.7	21.9%
29 - 40	14,040	4.4%	\$892	\$12.5	58.6%
40 - 51	4,700	1.5%	\$806	\$3.8	17.7%
52 - 63	520	0.2%	\$705	\$0.4	1.7%
Above 63	30	0.0%	\$773	\$0.0	0.1%
<b>All Full-Year Filers</b>	<b>25,110</b>	<b>1.6%</b>	<b>\$852</b>	<b>\$21.4</b>	<b>100.0%</b>

\*Each age group contains 20 percent of the full-year filers (approximately 322,500)

## Geographical Distribution of Credit



## Consistency of Taxpayers Claiming Credit in the Past Five Tax Years



This chart illustrates the number of years in which a taxpayer claimed the credit for tax years 2008-2012. For example, a reporting of 50% in the 3 year category would mean that 50% of taxpayers that claimed the credit in tax years 2008-2012 did so in three separate tax years.

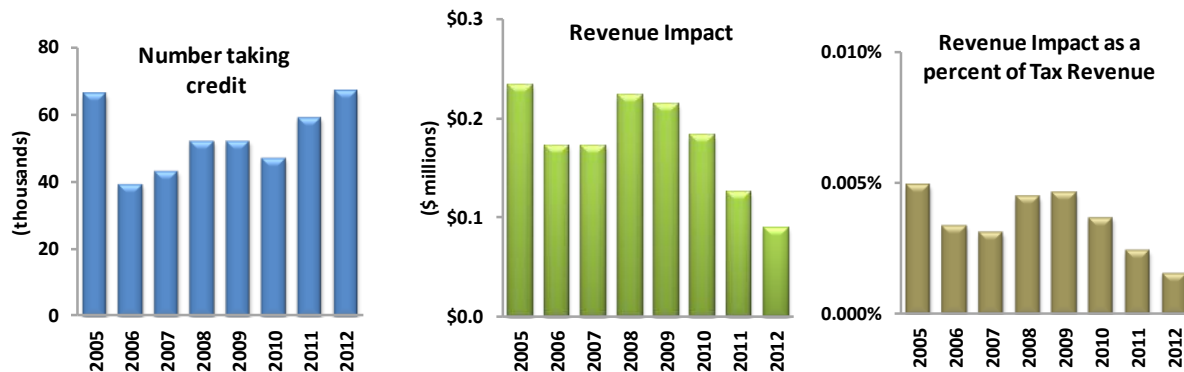
## 1.423 Employer Provided Dependent Care Assistance

(ORS 315.204)

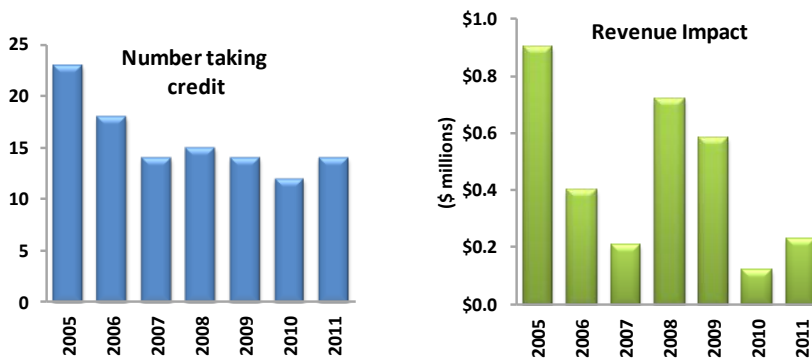
Sunset: December 31, 2015

Employers providing dependent care assistance or dependent care information and referral services to their employees are allowed a credit to either personal or corporation tax. The credit equals 50 percent of the total costs the employer paid for dependent care, but no more than \$2,500 per employee, and 50 percent of the cost of providing information and referral services.

### Credit History – Personal Income Tax

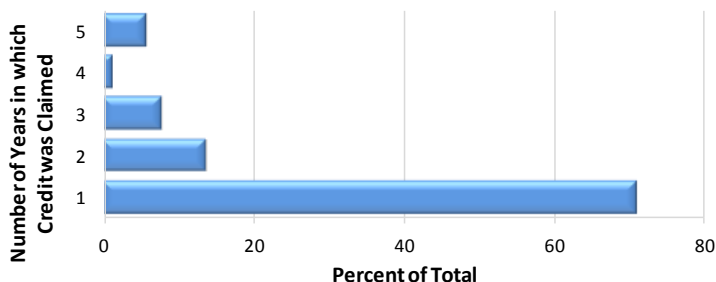


### Credit History – Corporate Income Tax



**Demographic Data:** Due to disclosure laws, the small number of taxpayers that claim this credit and the low dollar amount claimed, demographic detail cannot be provided.

### Consistency of Taxpayers Claiming Credit in the Past Five Tax Years



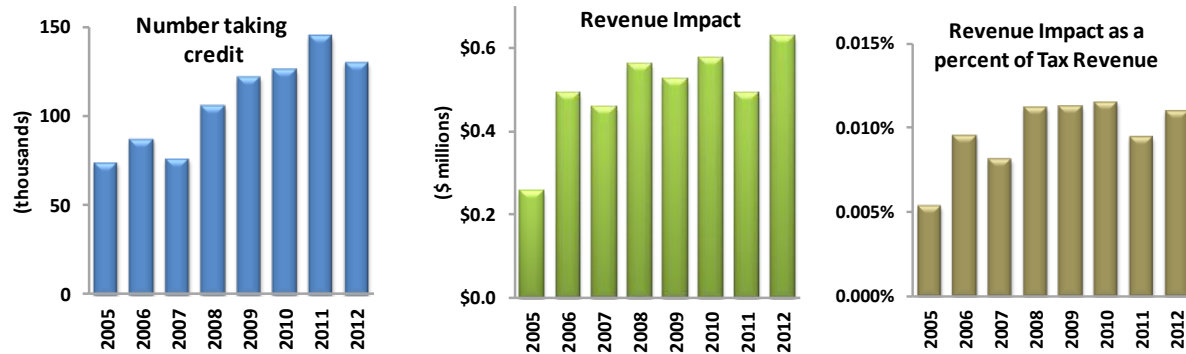
This chart illustrates the number of years in which a taxpayer claimed the credit for tax years 2008-2012. For example, a reporting of 50% in the 3 year category would mean that 50% of taxpayers that claimed the credit in tax years 2008-2012 did so in three separate tax years.

## 1.425 Child Care Division Contributions (ORS 315.213)

Sunset: December 31, 2015

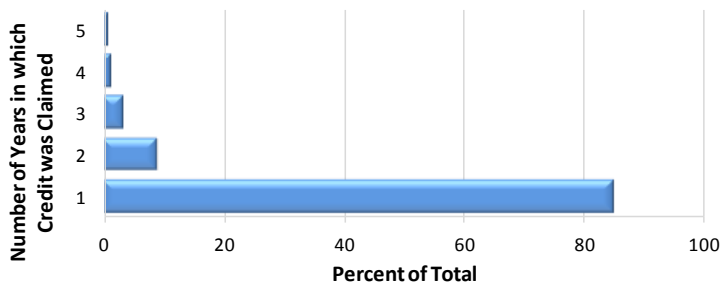
A credit against corporation or personal income taxes is allowed for contributions made to the Office of Child Care (OCC) of the Oregon Department of Education. The OCC issues tax credit certificates to taxpayers who make contributions. The total value of tax credit certificates may not exceed \$500,000 per calendar year. The credit is equal to 75 percent of the contribution amount.

### Credit History – Personal Income Tax



**Demographic Data:** Due to disclosure laws and the small number of taxpayers that claim this credit, demographic detail cannot be provided.

### Consistency of Taxpayers Claiming Credit in the Past Five Tax Years



This chart illustrates the number of years in which a taxpayer claimed the credit for tax years 2008-2012. For example, a reporting of 50% in the 3 year category would mean that 50% of taxpayers that claimed the credit in tax years 2008-2012 did so in three separate tax years.