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Human Services Coalition of Oregon

Tax Credit Sunset Recommendations

Testimony, Joint Tax Credit Committee

John Mullin, HSCO Tax and Revenue Committee Co-Chair

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HSCO is a statewide advocacy organization, made up of 80+ agency and individual members. HSCO has worked on tax expenditure issues of decades. In addition, our longstanding tax principles of Fairness, Adequacy, Stability, and Transparency, HSCO adopted the following policy statement in March 2010:

The general policy for HSCO is to examine the effect of tax expenditures based on our tax principles and our mission. Tax expenditures that benefit low income and vulnerable Oregonians will be considered for support. HSCO supports transparency and accountability of all tax expenditures. Tax expenditures should be considered in relationship to the budget, in that every dollar committed to a tax expenditure is a dollar that is not available for the budget.

To further refine our position for the 2015 session, the following was adopted:

1. HSCO continues to support curtailing and minimizing the effects of inefficient tax expenditures;
2. It is important to note that HSCO does support tax expenditures that are effectively targeted toward assisting low income and vulnerable communities (e.g. the Earned Income Tax Credit);
3. HSCO supports sunsets for all tax expenditures that are not constitutional or federally mandated.

For tax credits up for sunset review in 2015, HSCO has identified three that should be extended:

- The Individual Development Account tax credits – we are also supportive of the changes proposed in eligibility and usage, but we are neutral on expanding beyond the current revenue ceiling for the program;
- The Child and Dependent tax credit;
- The Working Family Child Care tax credit.

Moreover, prior to session, we talked about our potential interest in combining a number of tax credits where appropriate, limiting and targeting them to support low and moderate income Oregonians. In that spirit, we support the purpose and intent of HB 2116 A and commend House Human Services and Housing Committee Chair Keny-Guyer for her tireless and inclusive work in suggesting a path forward on Child and Dependent and Working Family Child Care tax credits.

Other tax credits are on the agenda today, and the HSCO positions are as follows:

- HB 2113 and SB 49 – contributions to the office of Child Care – Allow to sunset;
- HB 2119 and SB 43 – severe disabilities – Combine and refocus with other tax credits, as appropriate, with a clear policy on effective tax credits for disabling conditions;
- HB 2122 and SB 40 – child with disability - Combine and refocus with other tax credits, as appropriate, with a clear policy on effective tax credits for disabling conditions;
- SB 38 – expense in lieu of nursing homes – Allow to sunset;
- SB 39 – long term care insurance – Allow to sunset;
- SB 41 – Elderly or permanently and totally disabled - Combine and refocus with other tax credits, as appropriate, with a clear policy on effective tax credits for disabling conditions;
- SB 42 – loss of limbs – Allow to sunset;
- HB 212 – expands contributions to the Office of Child Care – HSCO does not support

Finally, it is just worth noting that the Ways and Means Co-Chairs have allocated $14 million for $64 million in tax credits up for sunset review. In addition, there are numerous bills under consideration that would add new tax credits or expand existing ones. Paying for existing tax credits worthy of extension will present a significant challenge this session, let alone paying for new or expanded proposals.

Thank you for the opportunity to testify, and thank you for your consideration.