

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 212**Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***

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Date: 4/9/2015

Measure Description:

Extends sunset for tax credit for contributions to Office of Child Care.

Government Unit(s) Affected:

Department of Education, Department of Revenue(DOR)

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.

Analysis:

Senate Bill 212 extends the sunset for the Child Care Contribution Tax Credit (CCCTC) from January 1, 2016 until January 1, 2022. Individuals or businesses that make contributions to the Office of Child Care (OCC) are allowed a credit against personal or corporate taxes.

The bill also: (1) increases annual limitation on the amount of allowable tax credit certifications from \$500,000 to \$2,500,000; eliminates provisions for marketing of credits by the Office of Child Care; and provides for the distribution of revenues to child care providers instead of community agencies.

Office of Child Care (OCC) in the Oregon Department of Education

The Department of Education estimates that the extension of the sunset and the increase in the annual cap will provide a projected \$6,666,667 per biennium in revenue through the CCCTC incentive. Given the January 1, 2016 effective date of the bill, the 2015-17 increase would be for six months or a quarter of the ongoing biennial amount (\$1.7 million). The Department uses these contributions in two ways:

1. Education Awards - Individual cash awards to child care and education providers or employees based on their attainment of higher level training or education. During the 2013-15 biennium, \$495,000 of the \$895,000 awarded to 3,022 members of the child care workforce in Oregon came from CCCTC.
2. Incentives and Supports for Child Care Facilities – Cash awards to child care and education facilities that were working toward a Star Rating in the Quality Rating and Improvement System (QRIS). During the 2013-15 biennium, \$1,040,150 was awarded to 522 child care and education facilities.

If the sunset date for this tax credit is not extended, the Department of Education will likely see a drop in contributions. At this time, the potential decrease cannot be quantified. With a decrease in contributions, awards to the child care workforce, as well as child care and education facilities will be reduced.

Department of Revenue (DOR)

Passage of this bill has minimal impact to the Department of Revenue. DOR will use existing staff and resources to modify instructions to reflect the changes required by this bill.