

STAFF MEASURE SUMMARY

Senate Committee On Human Services and Early Childhood

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

Action Date: 04/09/15

Action: Do Pass And Refer To Tax Credits By Prior Reference.

Meeting Dates: 03/03, 04/09

Vote:

Yeas: 5 - Dembrow, Gelser, Kruse, Monnes Anderson, Olsen

Prepared By: Cheyenne Ross, Committee Administrator

WHAT THE MEASURE DOES:

Extends sunset for tax credit for contributions to Office of Child Care (OCC). Increases annual limit on amount of credit from \$500,000 to \$2.5 million. Removes requirement to select and use tax credit marketer. Removes requirement to select and distribute monies to community agencies. Requires distributions to child care providers according to rules adopted by Early Learning Council. Applies to tax years beginning January 1, 2016. Takes effect 91st day after *sine die*.

ISSUES DISCUSSED:

- Comparison to Senate Bill 49, which only extends sunset but does not expand program
- Expansion of program
- Funding mechanism for OCC
- Financial impact to OCC if not renewed

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

Contributions to the Office of Child Care (OCC), within the Oregon Department of Education, may be credited against an individual's or corporation's tax liability. The credit is equal to 75 percent of the contribution amount and there is a program cap of \$500,000 in tax credits per year. If a deduction for charitable contributions is claimed at the federal level, only the credit amount need be added back to Oregon taxable income. Use of the tax credit has increased from approximately \$0.4 million in 2005 to just under \$0.8 million in 2012. (It is possible for the cost of the credit to exceed the annual program cap because unused credits from any one tax year can be carried forward for use in a subsequent tax year, for up to four years.) Administrative costs are borne primarily by OCC in receiving and certifying donations. (*2016 Expiring Tax Credits*, Research Report No. 2-15, Legislative Revenue Office, February 2015.)

Senate Bill 212 extends the sunset for the tax credit for contributions to OCC, from 2016 to 2022, raises the annual credit cap from \$500,000 to \$2.5 million and simplifies distributions to child care providers.