

## STAFF MEASURE SUMMARY

## House Committee On Human Services and Housing

**Fiscal:** Fiscal impact issued**Revenue:** Revenue impact issued**Action Date:** 04/15/15**Action:** Do Pass With Amendments, Be Printed Engrossed And Be Referred To Tax Credits By Prior Reference.**Meeting Dates:** 03/02, 03/09, 04/13, 04/15**Vote:**

Yeas: 8 - Buehler, Evans, Gallegos, Hayden, Keny-Guyer, Piluso, Stark, Taylor

Nays: 1 - Parrish

**Prepared By:** Robyn Johnson, Committee Administrator

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**WHAT THE MEASURE DOES:**

Inserts aspects of the Working Families Tax Credit into the Child and Dependent Care Credit. Caps credit for employment-related expenses necessary for gainful employment. Applies credit as expression of relationship of adjusted gross income to federal poverty level with consideration for family size. Allows credit to be refundable. Applies to tax years beginning January 1, 2016 – January 1, 2022. Takes effect 91<sup>st</sup> day after *sine die*.

**ISSUES DISCUSSED:**

- Childcare cost
- Tax credits for families living in poverty

**EFFECT OF COMMITTEE AMENDMENT:**

Inserts aspects of the Working Families Tax Credit into the Child and Dependent Care Credit. Caps credit for employment-related expenses. Applies credit as expression of relationship of adjusted gross income to federal poverty level with consideration for family size. Allows credit to be refundable. Applies to tax years beginning January 1, 2016 – January 1, 2022. Takes effect 91<sup>st</sup> day after *sine die*.

**BACKGROUND:**

Oregon taxpayers who claim the federal Child and Dependent Care tax credit are eligible for a similar credit against their Oregon personal income taxes. The household and dependent care expenses must be for services that enable the taxpayer to be gainfully employed for any period in which there is at least one qualifying dependent child with respect to the taxpayer. The tax credit can be carried forward up to five years.

House Bill 2116-A essentially collapses the Working Families Tax Credit into the Child and Dependent Care Credit renaming it Working Family Child and Dependent Care Credit, and extending it until 2022. It adjusts the application criteria of the credit from an expression of adjusted gross income (AGI) to an expression of AGI in relation to a percentage of the federal poverty level with consideration for family size. It raises the cap for employment-related expenses for families' allowable child care expenses to \$12,000 per year for one dependent and \$24,000 per year for two or more, and allows the credit to be refundable. It is available to be claimed starting with tax years beginning on or after January 1, 2016 – January 1, 2022.