Seventy-Eighth Oregon Legislative Assembly - 2015 Regular Session **MEASURE: HB 2119 A**

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: 03/06, 03/09, 04/13, 04/15
Vote:
Yeas: 9 - Buehler, Evans, Gallegos, Hayden, Keny-Guyer, Parrish, Piluso, Stark, Taylor
Prepared By: Robyn Johnson, Committee Administrator

WHAT THE MEASURE DOES:

Extends additional personal exemption credit for severe disability until 2022.Caps adjusted gross income for households claiming credit at $100,000. Makes section two applicable to tax years beginning January 1, 2016. Takes effect 91st day after adjournment *sine die.*

ISSUES DISCUSSED:

- Number of people claiming credit
- Credit is not means tested
- Credit includes disability covered by other credits and may be duplicative

EFFECT OF COMMITTEE AMENDMENT:

Caps adjusted gross income for households claiming the credit at $100,000. Enacts section two for tax years beginning January 1, 2016. Takes effect 91st day after *sine die.*

BACKGROUND:

Individuals with certain defined severe disabilities are allowed an additional personal exemption credit against personal income taxes (up to two for qualifying joint filers). The purpose of the credit is likely to provide financial assistance or some offset against costs associated with the disability. The credit is indexed to inflation and was $191 in 2014. The tax credit has grown steadily between 2005 and 2012: the number of claimants grew from 28,800 to 40,100, and the amount claimed grew from $4.4 million to just over $7.4 million.

Research on the use of tax expenditures related to disabilities makes a variety of arguments: that low utilization of the federal tax credit for the elderly or disabled indicates it should be repealed; that credits for the costs of in-home care are more beneficial to persons with disabilities; that a more equitable approach to structuring tax expenditures would be a focus on credits or deductions specifically for costs incurred due to a disability; that switching from non-refundable tax credits to refundable tax credits would more effectively meet the needs of the disabled; that income exclusions and deductions are most valuable to taxpayers with higher incomes; and that there is less stigma using the tax system to deliver a benefit, than using direct payment programs, but the tax system lacks flexibility to meet the specific needs of disabled persons when compared to direct budget allocations. (*2016 Expiring Tax Credits*, Research Report No. 2-15, Legislative Revenue Office, February 2015.)

House Bill 2119-A extends the additional personal exemption credit available to the severely disabled, from 2016 to 2022, and caps the adjusted gross income for households claiming the credit at $100,000.

This summary has not been adopted or officially endorsed by action of the Committee.