

STAFF MEASURE SUMMARY

CARRIER: Sen. Hass

Joint Committee On Tax Credits

Fiscal: Fiscal impact issued
Revenue: Revenue impact issued

Action Date: 07/01/15

Action: Do Pass The A-Eng Bill.

Meeting Dates: 07/01

Vote:

Senate

Yeas: 5 - Baertschiger Jr, Boquist, Edwards, Hass, Riley

House

Yeas: 9 - Barnhart, Bentz, Davis, Johnson, Lininger, Read, Smith Warner, Vega Pederson, Whitsett

Prepared By: Chris Allanach, Senior Economist

WHAT THE MEASURE DOES:

Requires the Legislative Revenue Office to conduct a study on restructuring Oregon's state and local revenue system.

Combines the existing Working Family Child Care and the Child & Dependent Care tax credits into a single Working Family Child and Dependent Care tax credit for tax years 2016 through 2021.

Moves the sunset date for the following tax credits from January 1, 2016 to January 1, 2022:

- Oregon Veterans' Home Physicians
- Oregon Life and Health IGA Assessments

Makes policy changes to the following tax credits and moves the sunset date from January 1, 2016 to January 1, 2022:

- IDA Contributions (Expands the eligible use of funds, removes the taxpayer credit cap, allows the credit to be sold at lower rates)
- Severe disability (limits to taxpayers with no more than \$100,000 of income)
- Child with a disability (limits to taxpayers with no more than \$100,000 of income)
- Office of Child Care Contributions (reduces credit percentage to 50% on contribution, makes other program changes)

Moves the sunset date for the Rural Medical Providers tax credit from January 1, 2016 to January 1, 2018 and adjusts the credit according to distance from a population center. Modifies the tax credit cap for certain Residential Energy Tax Credits and increases the incentive for solar thermal projects, without changing the sunset date. Moves the sunset date for the Long-Term Care Insurance tax credit from January 1, 2016 to January 1, 2015. Moves the sunset date for the Film & Video tax credit from January 1, 2018 to January 1, 2024. Declares tax credits may not be used to offset the Corporation Minimum Tax; applies to tax years 2015 through 2020. Declares certain military active service income earned in Oregon exempt from the personal income tax. Extends the charitable property tax exemption to certain museums for four years.

ISSUES DISCUSSED:

- Details of policy changes

- Clarification that the definition of populations centers, for purposes of the rural medical provider credit, are unchanged by this bill
- Interaction of the Working Family Child and Dependent Care tax credit and existing income cliffs
- Reasons for the conflict amendments

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

With HB 2067 in 2009, nearly all tax credits have been subject to a policy review that includes statutory sunset dates. Roughly speaking, one-third of such tax credits are reviewed each legislative session. The review conducted in 2015 completes the first round of such reviews, following work done in 2011 and 2013. This bill is based on the recommendations from policy committees regarding which tax credits should be extended and in what form.