

Senate Bill 212

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SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Extends sunset for tax credit for contributions to Office of Child Care. Increases annual limitation on amount of allowed tax credit certifications. Eliminates provisions for marketing of credits and distribution of funds through community agencies. Provides for distribution of revenues to child care providers.

Applies to tax years beginning on or after January 1, 2016.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to a tax credit for child care contributions; creating new provisions; amending ORS
3 329A.700, 329A.703, 329A.706 and 329A.712 and section 13, chapter 674, Oregon Laws 2001; re-
4 pealing ORS 329A.709, 329A.715 and 329A.718; and prescribing an effective date.

5 **Be It Enacted by the People of the State of Oregon:**

6 **SECTION 1.** ORS 329A.700 is amended to read:

7 329A.700. As used in ORS 329A.700 to 329A.718:

8 (1) "Child care provider" means a provider, for compensation, of care, supervision or guidance
9 to a child on a regular basis in a center or in a home other than the child's home. "Child care
10 provider" does not include a person who is the child's parent, guardian or custodian.

11 [(2) "*Community agency*" means a nonprofit agency that:]

12 [(a) *Provides services related to child care, children and families, community development or simi-*
13 *lar services; and]*

14 [(b) *Is eligible to receive contributions that qualify as deductions under section 170 of the Internal*
15 *Revenue Code.*]

16 [(3)] (2) "High quality child care" means child care that meets standards for high quality child
17 care established or approved by the Early Learning Council.

18 [(4)] (3) "Qualified contribution" means a contribution made by a taxpayer to the Office of Child
19 Care [or a selected community agency] for the purpose of promoting **high quality** child care, and for
20 which the taxpayer will receive a tax credit certificate under ORS 329A.706.

21 [(5)] (4) "Tax credit certificate" means a certificate issued by the Office of Child Care to a
22 taxpayer to qualify the taxpayer for a tax credit under ORS 315.213.

23 [(6) "*Tax credit marketer*" means an individual or entity selected by the Office of Child Care to
24 market tax credits to taxpayers.]

25 **SECTION 2.** ORS 329A.703 is amended to read:

26 329A.703. (1) The Office of Child Care, in collaboration with an advisory committee established
27 by the office, shall establish a program to:

28 (a) Allocate tax credit certificates to taxpayers that make qualified contributions to the Office

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 of Child Care; and

2 (b) Distribute to child care providers moneys from qualified contributions and other contribu-
3 tions.

4 (2) The purposes of the program are to:

5 (a) Encourage taxpayers to make contributions to the Office of Child Care by providing a fi-
6 nancial return on qualified contributions and by soliciting other contributions.

7 (b) Achieve specific and measurable goals for targeted communities and populations.

8 (c) Set standards for the child care industry concerning the cost of providing quality, affordable
9 child care.

10 (d) Strengthen the viability and continuity of child care providers [*while making child care more*
11 *affordable for low and moderate income families*].

12 **SECTION 3.** ORS 329A.706 is amended to read:

13 329A.706. (1) For the purpose of implementing the program established under ORS 329A.703, the
14 Early Learning Council, in collaboration with an advisory committee established by the council and
15 the Office of Child Care, shall:

16 (a) Adopt rules.

17 [*(b) Select a tax credit marketer who agrees to market tax credits to taxpayers.*]

18 [*(c)*] (b) Identify child care goals that are consistent with the purposes provided in ORS 329A.703

19 (2). The goals identified under this paragraph shall take into account state resources and needs.

20 [*(d) Develop by rule the application process an entity must complete to be designated as a commu-*
21 *nity agency under ORS 329A.700 to 329A.718, and any process for the renewal of that designation.*]

22 [*(e) Select one or more community agencies.*]

23 [*(f) Enter into an agreement with each selected community agency to perform the functions specified*
24 *in ORS 329A.715.*]

25 [*(g) Determine the total value of moneys to be available to each selected community agency to dis-*
26 *tribute to providers based on goals identified under paragraph (c) of this subsection, and distribute*
27 *those moneys in the manner provided in ORS 329A.712 to the selected community agencies. The total*
28 *value of moneys available to all selected community agencies in this state may not exceed the amount*
29 *of contributions received from taxpayers during the tax year minus any reasonable administrative costs*
30 *incurred by the Office of Child Care and the selected community agencies.*]

31 (2) The Early Learning Council may adopt rules that establish a fixed percentage that is less
32 than 100 percent by which the amount contributed by a taxpayer will be certified for a tax credit
33 by the Office of Child Care. The purpose of the grant of rulemaking authority under this subsection
34 is to permit the Early Learning Council to calibrate the amount of the tax credit to interpretations
35 of the deductibility of qualified contributions under section 170 of the Internal Revenue Code for
36 federal tax purposes.

37 (3)(a) The Office of Child Care shall issue tax credit certificates in the chronological order in
38 which the contributions are received by the office. The office shall issue tax credit certificates to
39 contributors until the total value of all certificates issued by the office for the calendar year equals
40 [*\$500,000*] **\$2.5 million**. Each issued certificate shall state the value of the contribution being certi-
41 fied as eligible for the tax credit allowed under ORS 315.213. Except as provided in rules adopted
42 under subsection (2) of this section, the certified value shall equal the amount of the contribution.

43 (b) The Office of Child Care may not issue a tax credit certificate to a taxpayer to the extent
44 the credit value to be certified, when added to the total credit value previously certified by the of-
45 fice under paragraph (a) of this subsection for the calendar year exceeds [*\$500,000*] **\$2.5 million**.

1 (c) The Office of Child Care shall send a copy of all tax credit certificates issued under this
 2 section to the Department of Revenue.

3 (d) Qualified contributions shall be deposited in the Child Care Fund.

4 (4) A taxpayer that receives a notice of denial of a tax credit certificate or that receives a tax
 5 credit certificate issued for an amount that is less than the amount contributed may request a refund
 6 for the amount contributed within 90 days of the denial or issuance of the certificate by the Office
 7 of Child Care. The Office of Child Care must send notice of a denial or changed amount and refund
 8 the amount for which a tax credit will not be granted within 30 days after receiving the request.
 9 The refund shall be made from the Child Care Fund.

10 (5) The Early Learning Council may establish by rule any other provisions required to imple-
 11 ment the program established under ORS 329A.700 to 329A.718.

12 **SECTION 4.** ORS 329A.712 is amended to read:

13 329A.712. (1) The Office of Child Care shall distribute revenues in the Child Care Fund that are
 14 derived from contributions, minus the amounts needed to make refunds under ORS 329A.706 (4) and
 15 to cover expenses of the Office of Child Care in administering ORS 329A.700 to 329A.718.

16 **(2) Revenues shall be disbursed to child care providers consistent with rules adopted by**
 17 **the Early Learning Council.**

18 [(2)] **(3)** Distributions shall be made to [*community agencies selected under ORS 329A.706*] **child**
 19 **care providers** in the proportion that the Office of Child Care determines **by rule** best promotes
 20 the provision of **high quality** child care in this state.

21 [(3) *Moneys distributed to selected community agencies shall be disbursed to child care providers,*
 22 *consistent with rules adopted by the Early Learning Council relating to the disbursement of moneys*
 23 *by selected community agencies. The council shall consider the factors described in ORS 329A.715*
 24 *(2)(h) when adopting rules under this subsection.*]

25 **SECTION 5.** ORS 329A.709, 329A.715 and 329A.718 are repealed.

26 **SECTION 6.** The amendments to ORS 329A.700, 329A.703, 329A.706 and 329A.712 by
 27 sections 1 to 4 of this 2015 Act and the repeal of ORS 329A.709, 329A.715 and 329A.718 by
 28 section 5 of this 2015 Act apply to tax years beginning on or after January 1, 2016.

29 **SECTION 7.** Section 13, chapter 674, Oregon Laws 2001, as amended by section 9, chapter 473,
 30 Oregon Laws 2003, section 1, chapter 880, Oregon Laws 2007, and section 47, chapter 913, Oregon
 31 Laws 2009, is amended to read:

32 **Sec. 13.** ORS 315.213 applies to tax years beginning on or after January 1, 2002, and before
 33 January 1, [2016] **2022**.

34 **SECTION 8.** This 2015 Act takes effect on the 91st day after the date on which the 2015
 35 regular session of the Seventy-eighth Legislative Assembly adjourns sine die.