

**PROPOSED AMENDMENTS TO  
SENATE BILL 47**

1 In line 2 of the printed bill, delete “amending” and insert “creating new  
2 provisions; amending ORS 315.262 and”.

3 In line 3, after “2007” insert “; and prescribing an effective date”.

4 After line 8, insert:

5 **“SECTION 2.** ORS 315.262 is amended to read:

6 “315.262. (1) As used in this section:

7 “(a) ‘Child care’ means care provided to a qualifying child of the taxpayer  
8 for the purpose of allowing the taxpayer to be gainfully employed, to seek  
9 employment or to attend school on a full-time or part-time basis, except that  
10 the term does not include care provided by:

11 “(A) The child’s parent or guardian, unless the care is provided in a cer-  
12 tified or registered child care facility; or

13 “(B) A person who has a relationship to the taxpayer that is described in  
14 section 152(a) of the Internal Revenue Code who has not yet attained 19  
15 years of age at the close of the tax year.

16 “(b) ‘Child care expenses’ means the costs associated with providing child  
17 care to a qualifying child of a qualified taxpayer.

18 “(c) ‘Disability’ means a physical or cognitive condition that results in a  
19 person requiring assistance with activities of daily living.

20 “(d) ‘Earned income’ has the meaning given that term in section 32 of the  
21 Internal Revenue Code.

22 “(e) ‘Qualified taxpayer’ means a taxpayer:

1 “(A) Who is an Oregon resident with at least \$6,000 of earned income for  
2 the tax year or who is a nonresident of Oregon with at least \$6,000 of earned  
3 income from Oregon sources for the tax year;

4 “(B) With federal adjusted gross income for the tax year that does not  
5 exceed 250 percent of the federal poverty level;

6 “(C) With Oregon adjusted gross income for the tax year that does not  
7 exceed 250 percent of the federal poverty level; and

8 “(D) Who does not have more than the maximum amount of disqualified  
9 income under section 32(i) of the Internal Revenue Code that is allowed to  
10 a taxpayer entitled to the earned income tax credit for federal tax purposes.

11 “(f) ‘Qualifying child’ has the meaning given that term in section 152(c)  
12 of the Internal Revenue Code, determined without regard to section  
13 152(c)(1)(D) of the Internal Revenue Code or section 152(e) of the Internal  
14 Revenue Code, except that it is limited to an individual who is under 13  
15 years of age, or who is a child with a disability, as that term is defined in  
16 ORS 316.099.

17 “(2) A taxpayer is not disqualified from claiming the credit under this  
18 section solely because the taxpayer’s spouse has a disability, if the disability  
19 is such that it prevents the taxpayer’s spouse from providing child care, be-  
20 ing gainfully employed, seeking employment and attending school. The De-  
21 partment of Revenue may require that a physician verify the existence of the  
22 disability and its severity.

23 “(3) A qualified taxpayer shall be allowed a credit against the taxes oth-  
24 erwise due under ORS chapter 316 equal to the applicable percentage of the  
25 qualified taxpayer’s child care expenses (rounded to the nearest \$50).

26 “(4) The applicable percentage to be used in calculating the amount of the  
27 credit provided in this section shall be determined in accordance with the  
28 following table:

29 “[ \_\_\_\_\_ ]

30 *Applicable Greater of Oregon*

1 *Percentage* *Adjusted Gross Income or*  
2 *Federal Adjusted*  
3 *Gross Income, as Percent*  
4 *of Federal Poverty Level*

5  
6 40 200 or less  
7 36 Greater than 200 and less than  
8 or equal to 210  
9 32 Greater than 210 and less than  
10 or equal to 220  
11 24 Greater than 220 and less than  
12 or equal to 230  
13 16 Greater than 230 and less than  
14 or equal to 240  
15 8 Greater than 240 and less than  
16 or equal to 250  
17 0 Greater than 250 percent  
18 of federal poverty level

19 “[ \_\_\_\_\_ ]  
20 “ \_\_\_\_\_

21 **Applicable** **Greater of Oregon**  
22 **Percentage** **Adjusted Gross Income or**  
23 **Federal Adjusted**  
24 **Gross Income, as Percent**  
25 **of Federal Poverty Level**  
26  
27 **50** **250 or less**  
28 **45** **Greater than 250 and less than**  
29 **or equal to 260**  
30 **41** **Greater than 260 and less than**

1                    **or equal to 270**  
2        **31            Greater than 270 and less than**  
3                    **or equal to 280**  
4        **21            Greater than 280 and less than**  
5                    **or equal to 290**  
6        **11            Greater than 290 and less than**  
7                    **or equal to 300**  
8        **0             Greater than 300 percent**  
9                    **of federal poverty level**

10 “ \_\_\_\_\_  
11        “(5) The department may:  
12        “(a) Adopt rules for carrying out the provisions of this section; and  
13        “(b) Prescribe the form used to claim a credit and the information re-  
14 quired on the form. The form may provide for verification of an individual’s  
15 disability by a physician, if applicable, as described in subsection (2) of this  
16 section.  
17        “(6) In the case of a credit allowed under this section:  
18        “(a) A nonresident shall be allowed the credit under this section in the  
19 proportion provided in ORS 316.117.  
20        “(b) If a change in the status of a taxpayer from resident to nonresident  
21 or from nonresident to resident occurs, the credit allowed by this section  
22 shall be determined in a manner consistent with ORS 316.117.  
23        “(c) If a change in the taxable year of a taxpayer occurs as described in  
24 ORS 314.085, or if the Department of Revenue terminates the taxpayer’s  
25 taxable year under ORS 314.440, the credit allowed under this section shall  
26 be prorated or computed in a manner consistent with ORS 314.085.  
27        “(d) In the case of a qualified taxpayer who is married, a credit shall be  
28 allowed under this section only if:  
29        “(A) The taxpayer files a joint return;  
30        “(B) The taxpayer files a separate return and is legally separated or sub-

1   ject to a separate maintenance agreement; or

2       “(C) The taxpayer files a separate return and the taxpayer and the  
3 taxpayer’s spouse reside in separate households on the last day of the tax  
4 year with the intent of remaining in separate households in the future.

5       “(7) If the amount allowable as a credit under this section, when added  
6 to the sum of the amounts allowable as payment of tax under ORS 316.187  
7 (withholding), ORS 316.583 (estimated tax), other tax prepayment amounts  
8 and other refundable credit amounts, exceeds the taxes imposed by ORS  
9 chapters 314 and 316 for the tax year (reduced by any nonrefundable credits  
10 allowable for purposes of ORS chapter 316 for the tax year), the amount of  
11 the excess shall be refunded to the taxpayer as provided in ORS 316.502.

12       “(8)(a) The minimum amount of earned income a taxpayer must earn in  
13 order to be a qualified taxpayer shall be adjusted for tax years beginning in  
14 each calendar year by multiplying \$6,000 by the ratio of the monthly aver-  
15 aged U.S. City Average Consumer Price Index for the 12 consecutive months  
16 ending August 31 of the prior calendar year over the monthly averaged index  
17 for the second quarter of the calendar year 1998.

18       “(b) As used in this subsection, ‘U.S. City Average Consumer Price  
19 Index’ means the U.S. City Average Consumer Price Index for All Urban  
20 Consumers (All Items) as published by the Bureau of Labor Statistics of the  
21 United States Department of Labor.

22       “(c) If any adjustment determined under paragraph (a) of this subsection  
23 is not a multiple of \$50, the adjustment shall be rounded to the nearest  
24 multiple of \$50.

25       “(d) Notwithstanding paragraphs (a) to (c) of this subsection, the adjusted  
26 minimum amount of earned income a taxpayer must earn may not exceed the  
27 amount an individual would earn if the individual worked 1,040 hours at the  
28 minimum wage established under ORS 653.025 and in effect on January 1 of  
29 the calendar year in which begins the tax year of the taxpayer, rounded to  
30 the next lower multiple of \$50.

