

SB 162 -1 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

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Meeting Dates: 2/8, 3/21

WHAT THE MEASURE DOES:

Removes rulemaking authority from the DOR to determine if C-corporation tax credits may be claimed by S-corporation shareholders.

Makes four changes to the Working Family Dependent Care tax credit:

1. Disallows a credit for amounts of dependent care paid with pre-tax dollars;
2. Aligns the timing of the date for determining the age of the dependent with federal law;
3. Requires taxpayers to have earned income to claim the tax credit; and
4. Disallows the credit for taxpayers who have either a capital loss or net operating loss in that year

Changes apply to January 1, 2018.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

1. Adds to statute tax credits extended to S-corporations via administrative rule by the Department of Revenue
2. Extends the Working Family Dependent Care tax credit to non-married taxpayers who are seeking employment or attending school
3. Limits qualifying expenses to income earned in Oregon
4. Deletes restrictions related to a capital loss or net operating loss
5. Prohibits interest from being paid for refundable portion of the tax credit

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BACKGROUND:

These proposed changes are a mix of technical fixes and policy clarifications. The Working Family Dependent Care tax credit was created in 2015. The policy merges the former Working Family Child Care and Dependant Care tax credits.