

SB 162 A STAFF MEASURE SUMMARY

House Committee On Revenue

Prepared By: Paul Warner, Legislative Revenue Officer

Meeting Dates: 6/1, 6/6, 7/5

WHAT THE MEASURE DOES:

Removes rulemaking authority from the Department of Revenue (DOR) to determine if C-corporation tax credits may be claimed by S-corporation shareholders. Adds to statute the tax credits that the DOR had extended to S-corporations. Makes technical fixes and policy clarifications to the Working Family Dependent Care tax credit: extends the tax credit to non-married taxpayers seeking work or going to school; limits qualifying expenses to the amount of income earned in Oregon; disallows the credit for amounts of dependent care paid with pre-tax dollars; aligns with federal law the timing of the date for determining the age qualifying dependents; requires taxpayers to have earned income to claim the tax credit; and prohibits interest from being paid on the refundable portion of the tax credit. Clarifies that assessing a penalty does not need to be done specifically by the DOR director. Applies to tax years beginning on or after January 1, 2018.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment

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.