

SB 162 A STAFF MEASURE SUMMARY

Carrier: Sen. Hass

Senate Committee On Finance and Revenue

Action Date: 03/22/17

Action: Do pass with amendments. (Printed A-Eng.)

Vote: 5-0-0-0

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

Fiscal: Has minimal fiscal impact

Revenue: Has minimal revenue impact

Prepared By: Chris Allanach, Senior Economist

WHAT THE MEASURE DOES:

Removes rulemaking authority from the 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: 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; 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; and prohibits interest from being paid on the refundable portion of the tax credit. Applies to tax years beginning or or after January 1, 2018.

ISSUES DISCUSSED:

- Difference between C-corporations and S-corporations
- Policy intent of the Working Family Dependent Care tax credit

EFFECT OF AMENDMENT:

Adds to statute tax credits extended to S-corporations via administrative rule by the Department of Revenue; extends the Working Family Dependent Care tax credit to non-married taxpayers who are seeking employment or attending school; limits qualifying expenses to income earned in Oregon; deletes restrictions related to a capital loss or net operating loss; prohibits interest from being paid for refundable portion of the tax credit

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.