

Senate Bill 594

Sponsored by Senator KNOPP; Representative WHISNANT (Presession filed.)

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**.

Restores availability of tax credit for employment-related child care expenses and extends credit sunset. Increases amount of available child care credit by doubling applicable percentage of taxpayer's child care expenses allowed as credit.

Applies to tax years beginning on or after January 1, 2016, and before January 1, 2022.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to a tax credit for child care expenses; creating new provisions; amending ORS 315.262 and
3 section 3, chapter 868, Oregon Laws 2007; and prescribing an effective date.

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

5 **SECTION 1.** Section 3, chapter 868, Oregon Laws 2007, as amended by section 45, chapter 913,
6 Oregon Laws 2009, and section 7, chapter 480, Oregon Laws 2015, is amended to read:

7 **Sec. 3.** ORS 315.262 applies to tax years beginning before January 1, [2016] **2022**.

8 **SECTION 2.** ORS 315.262 is amended to read:

9 315.262. (1) As used in this section:

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

13 (A) The child's parent or guardian, unless the care is provided in a certified or registered child
14 care facility; or

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

17 (b) "Child care expenses" means the costs associated with providing child care to a qualifying
18 child of a qualified taxpayer.

19 (c) "Disability" means a physical or cognitive condition that results in a person requiring as-
20 sistance with activities of daily living.

21 (d) "Earned income" has the meaning given that term in section 32 of the Internal Revenue
22 Code.

23 (e) "Qualified taxpayer" means a taxpayer:

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

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

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

30 (D) Who does not have more than the maximum amount of disqualified income under section

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 32(i) of the Internal Revenue Code that is allowed to a taxpayer entitled to the earned income tax
 2 credit for federal tax purposes.

3 (f) "Qualifying child" has the meaning given that term in section 152(c) of the Internal Revenue
 4 Code, determined without regard to section 152(c)(1)(D) of the Internal Revenue Code or section
 5 152(e) of the Internal Revenue Code, except that it is limited to an individual who is under 13 years
 6 of age, or who is a child with a disability, as that term is defined in ORS 316.099.

7 (2) A taxpayer is not disqualified from claiming the credit under this section solely because the
 8 taxpayer's spouse has a disability, if the disability is such that it prevents the taxpayer's spouse
 9 from providing child care, being gainfully employed, seeking employment and attending school. The
 10 Department of Revenue may require that a physician verify the existence of the disability and its
 11 severity.

12 (3) A qualified taxpayer shall be allowed a credit against the taxes otherwise due under ORS
 13 chapter 316 equal to the applicable percentage of the qualified taxpayer's child care expenses
 14 (rounded to the nearest \$50).

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

17 [_____]

19	<i>Applicable</i>	<i>Greater of Oregon</i>
20	<i>Percentage</i>	<i>Adjusted Gross Income or</i>
21		<i>Federal Adjusted</i>
22		<i>Gross Income, as Percent</i>
23		<i>of Federal Poverty Level</i>
24		
25	40	200 or less
26	36	Greater than 200 and less than
27		or equal to 210
28	32	Greater than 210 and less than
29		or equal to 220
30	24	Greater than 220 and less than
31		or equal to 230
32	16	Greater than 230 and less than
33		or equal to 240
34	8	Greater than 240 and less than
35		or equal to 250
36	0	Greater than 250 percent
37		of federal poverty level

38 [_____]

42	Applicable	Greater of Oregon
43	Percentage	Adjusted Gross Income or
44		Federal Adjusted
45		Gross Income, as Percent

1		of Federal Poverty Level
2		
3	80	200 or less
4	72	Greater than 200 and less than
5		or equal to 210
6	64	Greater than 210 and less than
7		or equal to 220
8	48	Greater than 220 and less than
9		or equal to 230
10	32	Greater than 230 and less than
11		or equal to 240
12	16	Greater than 240 and less than
13		or equal to 250
14	0	Greater than 250 percent
15		of federal poverty level

- 17
- 18 (5) The department may:
- 19 (a) Adopt rules for carrying out the provisions of this section; and
- 20 (b) Prescribe the form used to claim a credit and the information required on the form. The form
- 21 may provide for verification of an individual's disability by a physician, if applicable, as described
- 22 in subsection (2) of this section.
- 23 (6) In the case of a credit allowed under this section:
- 24 (a) A nonresident shall be allowed the credit under this section in the proportion provided in
- 25 ORS 316.117.
- 26 (b) If a change in the status of a taxpayer from resident to nonresident or from nonresident to
- 27 resident occurs, the credit allowed by this section shall be determined in a manner consistent with
- 28 ORS 316.117.
- 29 (c) If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or if the
- 30 Department of Revenue terminates the taxpayer's taxable year under ORS 314.440, the credit al-
- 31 lowed under this section shall be prorated or computed in a manner consistent with ORS 314.085.
- 32 (d) In the case of a qualified taxpayer who is married, a credit shall be allowed under this sec-
- 33 tion only if:
- 34 (A) The taxpayer files a joint return;
- 35 (B) The taxpayer files a separate return and is legally separated or subject to a separate main-
- 36 tenance agreement; or
- 37 (C) The taxpayer files a separate return and the taxpayer and the taxpayer's spouse reside in
- 38 separate households on the last day of the tax year with the intent of remaining in separate
- 39 households in the future.
- 40 (7) If the amount allowable as a credit under this section, when added to the sum of the amounts
- 41 allowable as payment of tax under ORS 316.187 (withholding), ORS 316.583 (estimated tax), other tax
- 42 prepayment amounts and other refundable credit amounts, exceeds the taxes imposed by ORS chap-
- 43 ters 314 and 316 for the tax year (reduced by any nonrefundable credits allowable for purposes of
- 44 ORS chapter 316 for the tax year), the amount of the excess shall be refunded to the taxpayer as
- 45 provided in ORS 316.502.

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

6 (b) As used in this subsection, “U.S. City Average Consumer Price Index” means the U.S. City
 7 Average Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau of
 8 Labor Statistics of the United States Department of Labor.

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

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

16 **SECTION 3. The amendments to ORS 315.262 by section 2 of this 2017 Act apply to tax**
 17 **years beginning on or after January 1, 2016, and before January 1, 2022.**

18 **SECTION 4. This 2017 Act takes effect on the 91st day after the date on which the 2017**
 19 **regular session of the Seventy-ninth Legislative Assembly adjourns sine die.**

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