



Testimony on Senate Bill 459
Senate Finance and Revenue Committee
January 31, 2018

Chair Hass, Vice-Chair Bentz, and members of the Committee. My name is Kyle Thomas, and I am the Director of Legislative and Policy Affairs for the Higher Education Coordinating Commission (HECC). Thank you for the opportunity to submit testimony on Senate Bill 459.

In the 2018 tax year, HECC raised \$14,578,505 for the Oregon Opportunity Grant through its tax credit auction, selling out its allotment of tax credits in a single auction. Our experience was different from that of Oregon Film and Video. This difference is attributable to the timing of the release of IRS notifications and rulemaking actions discussing the federal tax treatment of state tax credits like the type offered through our auction program. The release of the IRS notifications correlated with a surge of bids on our final auction day.

Subsequent auctions held by Oregon Film and Video in 2018 show that there is a significant amount of uncertainty heading into the 2019 tax year regarding the demand for these tax credits. HECC is not in the position to comment on the nature of the uncertainty, nor are we in the position to propose ways to increase demand. However, we must consider this uncertainty in our Opportunity Grant awarding strategy.

In previous meetings of this Committee, we informed members that tax credit proceeds could be used for three purposes: 1) awarding grants to additional students, 2) increasing the value of individual awards, and 3) providing reserve funds to enhance program stability.

In light of the changing conditions, as we think about our awarding structure for the 2019-2020 academic year, we are likely to take a conservative approach to utilizing 2018 auction funds, so as to ensure that funds awarded to students this upcoming academic year can be provided to students as continuing grants in the second year. Because these funds are continuously awarded to HECC and do not lapse at the end of the biennium, such a strategy is possible, and prudent to avoid leaving a student without the funds necessary to continue their education – causing the student significant potential hardship.

Thank you for your time today.