

SB 146 STAFF MEASURE SUMMARY

Senate Committee On Human Services, Mental Health and Recovery

Prepared By: C. Ross, Counsel

Sub-Referral To: Joint Committee On Tax Expenditures

Meeting Dates: 3/25, 4/1

WHAT THE MEASURE DOES:

Continues refundable tax credit for employment-related household services and dependent care expenses from January 1, 2022 to January 1, 2028.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

In 2015 the Legislative Assembly allowed two tax credits to expire (the Child and Dependent Care tax credit and the Working Family Child Care tax credit) and enacted House Bill 2116 instead, creating a refundable tax credit for employment-related household services and dependent care expenses, tied to the federal tax credit for Child and Dependent Care and raising the limit on allowable expenses. It is referred to as the tax credit for Working Family Household and Dependent Care and its purpose is to offset the costs of dependent care for low-income taxpayers who are working or attending school full-time, in concert with other policies. (Research Report No. 2-21, *Tax Credit Review: 2021 Session*, Legislative Revenue Office, January 28, 2021, pp. 24 - 33.) If an Oregon taxpayer qualifies for the federal tax credit, then they qualify for the state tax credit, in an amount calculated based on the taxpayer's federal adjusted gross income (AGI) using a table of percentages of the federal poverty level adjusted for family size. Taxpayers with a federal AGI more than 300 percent of the federal poverty level are excluded. The credit is currently scheduled to expire January 1, 2022.

Senate Bill 146 continues the employment-related household services and dependent care tax credit until January 1, 2028.