

HB 2204 STAFF MEASURE SUMMARY

House Committee On Higher Education

Prepared By: Ellen O'Brien, LPRO Analyst

Sub-Referral To: Joint Committee On Tax Expenditures

Meeting Dates: 3/2

WHAT THE MEASURE DOES:

Creates tax credit of up to \$2,500 per employee employed for at least 200 hours during the tax year through Oregon Youth Employment Program. Requires Oregon Employment Department to certify employment of any employee for whom taxpayer seeks to claim tax credit. Prohibits tax credit from exceeding tax liability for tax year and allows tax credit to be carried forward to following tax year for up to three years. Requires Higher Education Coordinating Commission and Oregon Employment Department to adopt policies and procedures to verify taxpayer eligibility. Adds Oregon Youth Employment Program employment tax credit to definition of business tax credits. Takes effect on 91st day following adjournment sine die.

REVENUE: May have revenue impact, but no statement yet issued.

FISCAL: May have fiscal impact, but no statement yet issued.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Oregon Youth Employment Program was created by Senate Bill 175 (2011) as part of a broader legislative initiative on workforce development. The Youth Employment Program requires the Higher Education Coordinating Commission (HECC) to partner with local workforce development boards to provide work experience and training for youth ages 14 to 24. In 2014, the federal Workforce Innovation and Opportunity Act replaced the earlier Workforce Investment Act of 1998 and offered funds to state and local workforce development boards for employment programs. The Oregon Youth Employment Program was most recently modified by House Bill 2092 (2021) and is governed by ORS 660.353.

The Youth Employment Program is a grant program that provides individual development plans; work readiness instruction; and at least 5 weeks of paid internships, preapprenticeships, or other work experience to individuals between the ages of 14 and 24. Employing a participant for the minimum 5 week work experience, for 40 hours per week, would entitle a participating employer to qualify for the tax credit program established by House Bill 2204. The Oregon Youth Employment Program pays participants at least minimum wage or an award equal to at least minimum wage for hours worked.

House Bill 2204 creates a business tax credit of up to \$2,500 for each worker that the business employs for at least 200 hours during the tax year through the Oregon Youth Employment Program.