

SB 129 A STAFF MEASURE SUMMARY

Joint Committee On Tax Expenditures

Prepared By: Kyle Easton, Economist

Meeting Dates: 3/24, 6/7

WHAT THE MEASURE DOES:

Sunset Opportunity Grant contributions tax credit for tax years beginning on or after January 1, 2023. Allows taxpayer to claim credit for tax year 2023 if taxpayer purchased credit at auction conducted on or after January 1, 2023, and before March 1, 2023. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Background on tax credit
- Historical context of credit enactment
- Opportunity Grant funding via the tax credit auction contrasted with direct appropriation
- Taxpayer use of the credit, awareness of the credit
- Availability of other advantageous opportunities for taxpayers.

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

A tax credit against personal or corporate income/excise taxes is available to taxpayers who purchase tax credits from an auction conducted by the Department of Revenue, in cooperation with the Higher Education Coordinating Commission. Net proceeds from the tax credit auction(s) are deposited in the Opportunity Grant Fund. Purchased tax credits may not reduce a taxpayer's tax liability below zero, but unused portions of tax credits may be carried forward for three succeeding tax years. The total amount of certified tax credits is limited to \$14 million per fiscal year. No tax credits may be newly certified beginning with tax year 2024.

The policy purpose of the credit for certified Opportunity Grant contributions is to establish an additional funding source to be used to support the Oregon Opportunity Grant program thereby expanding support to Oregon higher education students in need of financial assistance. Testimony provided in support of the tax credit emphasized that the intent of the credit was to provide a net increase in Opportunity Grant funding rather than a shift from existing funding sources. The Oregon Opportunity Grant is Oregon's largest state-funded, need-based grant program for college students. The grant is available to eligible students attending Oregon college and universities for up to four years at full-time enrollment.