<b>MEASURE NUMI</b>	BER: HB 2810	STATUS:	B-Engrossed			
SUBJECT: Exter	nds sunset date on inc	come tax credit for con	tributions to Employment Department,			
Child Care Division	l					
GOVERNMENT UNIT AFFECTED: Employment Department						
<b>PREPARED BY:</b>	John F. Borden					
<b>REVIEWED BY:</b>	Michelle Deister					
<b>DATE:</b> May 30, 2007						

EXPENDITURES:		<u>2007-2009</u>	<u>2009-2011</u>	
Employment Department – Other Funds				
Personal Services	\$		\$	42,147
Service and Supplies	\$		\$	14,860
Special Payments (to	\$		\$	1,276,325
Total Expenditures			-	1,333,332
		<u>2007-2009</u>		<u>2009-2011</u>
<b>REVENUES:</b>				
Employment Department – Other Funds				
Child Care Contribution Tax Credit	\$		\$	1,333,332
POSITIONS / FTE:				
Office Support Specialist-2				1/0.50

**EFFECTIVE DATE:** January 1, 2008

GOVERNOR'S BUDGET: This bill is not anticipated by the Governor's recommended budget.

**LOCAL GOVERNMENT MANDATE:** This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

**COMMENTS:** This measure extends the sunset date on income tax credit for contributions to Employment Department, Child Care Division from December 31, 2008 to December 31, 2013. Under current law, which will remain in place, the total value of the tax credit certificates available to all selected community agencies in Oregon may not exceed \$500,000 per calendar year. Oregon taxpayers receive a state tax credit of \$0.75 cents for each dollar contributed.

The Employment Department reports that it receives \$666,667 annually or \$1 for each \$0.75 of tax credit issued up to the cap of \$500,000. The Department's 2007-09 Governor's recommended budget includes \$1.3 million in such revenue due to the fact that this revenue is collected prior to December 31<sup>st</sup> for fiscal years 2007 and 2008. This measure would allow collections to continue past December 31, 2008, which would impact fiscal years 2009 and 2010 collection occurring during the 2009-11 biennium. The amount of revenue collected would be an additional \$1.3 million.

The expenditure impact to the Department would be \$1.3 million for the 2009-11 biennium. This figure is based on administrative expenditures of \$57,007, of which \$42,147 would be one existing position (0.50 FTE) and \$14,860 in associated services and supplies. Another \$1.27 million or approximately 96% of the funds would be paid to a non-profit qualified community agency who the Department contracts with for disbursement of the funds to daycare centers. The funds are then used by daycare centers to subsidize the wages of staff, purchase equipment, and defray the daycare cost for some families.

The Legislative Revenue Office, Revenue Impact Statement for this measure details a reduction in General Fund revenue of \$100,000 for the 2007-09 biennium and \$600,000 for the 2009-11 biennium.

This measure does not require a subsequent referral to the Joint Committee on Ways and Means since the revenue and expenditure impact would outside the current 2007-09 budget process.