

Tax Credits for Review in 2021

This is the primary section of the report, containing detailed information on each tax credit scheduled to be reviewed in 2021. In total, there are eleven such tax credits. To provide some context, the table below shows the cost to extend the tax credits for the current and following two biennia. These estimates are for current law, meaning the cost to extend reflects the estimated cost of extending the credit sunset date without otherwise modifying the credit. The cost to extend amount in 2021-23 is roughly half the cost in 2023-25. This is due to the credits sunseting midway through the 2021-23 biennium.

Estimated Cost of Extending Tax Credits

\$ Millions

Tax Expenditure Report Number and Credit name	ORS	Sunset Date	-----Biennium-----		
			2021-23	2023-25	2025-27
<i>Scheduled for Review by the 2021 Legislature</i>					
1.404 Employee Training in Eligible Counties	315.523	2023	< 50K	< 50K	< 50K
1.407 Child with a Disability	316.099	2022	\$4.9	\$10.2	\$10.6
1.408 Rural Medical Providers	315.613-619	2022	\$1.2	\$4.4	\$6.1
1.410 Severe Disability	316.752-771	2022	\$4.8	\$9.7	\$9.7
1.422 Public University Venture Development Fund	315.640	2022	\$0.3	\$0.5	\$0.4
1.425 Working Family Household and Dependent Care	315.264	2022	\$31.9	\$63.8	\$63.8
1.426 Contributions to the Office of Child Care	315.213 (318.031)	2022	< 50K	< 50K	< 50K
1.427 Individual Development Account Contributions	315.271	2022	\$6.6	\$13.6	\$13.9
1.430 Bovine Manure for Biofuel	315.176	2022	\$3.3	\$5.5	\$5.8
1.445 Oregon Life and Health IGA Assessments	734.835	2022	\$0.7	\$0.9	\$0.5
1.449 Oregon Veterans' Home Physician	315.624	2022	< 50K	< 50K	< 50K
SUBTOTAL			\$53.6	\$108.6	\$110.8

The remainder of the report consists of separate reviews for each tax credit. Each review consists of subsections related to the credit's policy purpose, description, policy analysis, similar incentives available in Oregon, and discussion of related credits available in other states. The policy purpose of a credit is generally not stated in statute. The purpose identified in this report is based on documentation from implementing or modifying legislation and related committee discussions. Generally, the purposes are inferred from historical records. When Oregon statute provides a clear statement of the policy intent, such policy purpose is cited in this report. The description provides detail on how the tax credit works under current law. The policy analysis describes academic research on relevant incentives if available, provides some discussion of the credit's history, and an analysis of available data. Often the primary sources of data are certifications and tax returns. The review also includes a summary of similar incentives in Oregon (direct spending program information is generally provided by the Legislative Fiscal Office).

Statute requires this report to provide information on the public policy purpose or goal of each tax credit. The most basic of this information is simply the stated public policy purpose. Also required is information on the expected timeline for achieving that purpose, the best means of measuring its achievement, and whether or not the use of a tax credit is an effective and efficient way to achieve that goal. However, Oregon statute does not generally contain policy purposes or goals for tax credits. Consequently, statute does not generally identify timelines or metrics related to such goals. In the few cases where statute does provide a purpose or a goal, it is included in this report. The more common approach has been to rely on bill documentation and written testimony for the implementing legislation. This information is the basis for the purpose statements included in this report.

Working Family Household and Dependent Care

ORS 315.264	Year Enacted:	2015	Transferable:	No
	Length:	1	Means Tested:	Yes
TER 1.425	Refundable:	Yes	Carryforward:	No
	Kind of cap:	Taxpayer	Inflation Adjusted:	Partially

Policy Purpose

The Working Family Household and Dependent Care (WFHDC) credit was created in 2015 via the combining of two credits that were reviewed by the 2015 Legislature. The House Committee on Housing and Human Services (HHS) led the credit review. The policy decision of the committee was to take no action regarding the sunset extensions for the Child and Dependent Care and Working Family Child Care credits. Rather, the committee chose to create the WFHDC credit which incorporated many underlying policies of the two credits allowed to sunset. According to testimony provided by Representative Keny-Guyer,¹⁶ the **policy purpose** of the WFHDC credit is:

To enable low-income working families to care for young children and disabled dependents by offsetting care costs so that they may be gainfully employed or attending school full-time. The desired effect...is to provide additional tools to help these families climb out of poverty. (Keny-Guyer, 2015)

The stated policy purpose and the structure of the credit are designed to adjust the credit's monetary benefit to respective taxpayers depending on the taxpayer's income relative to federal poverty level and age of youngest qualifying individual associated with the taxpayer. During committee meetings discussing legislation enacting the credit, intent of the credit and/or desired outcomes resulting from the credit were discussed. Topics discussed included designing a policy that encourages, does not discourage, or enables people to return and/or enter the workforce, especially when accounting for government transfer payments and potential barriers to households. From a perspective of providing additional tools to help families climb out of poverty, it is helpful to view the credit as it exists and interacts with other transfer payments and tax credits.

In HHS committee discussions, multiple policy rationales were presented in support of combining the two sunset tax credits into a single tax credit. Rationales included: simplifying the process for many taxpayers that qualify for both credits, extending more benefit to lower income taxpayers through a single refundable credit,¹⁷ and that directing the benefits of a single credit can be easier than directing two.

Description

The WFHDC credit is a refundable personal income tax credit available to low and middle income households with employment related dependent care expenses. Credit amount is determined by applying a credit percentage multiplied by the amount of qualified employment related expenses.

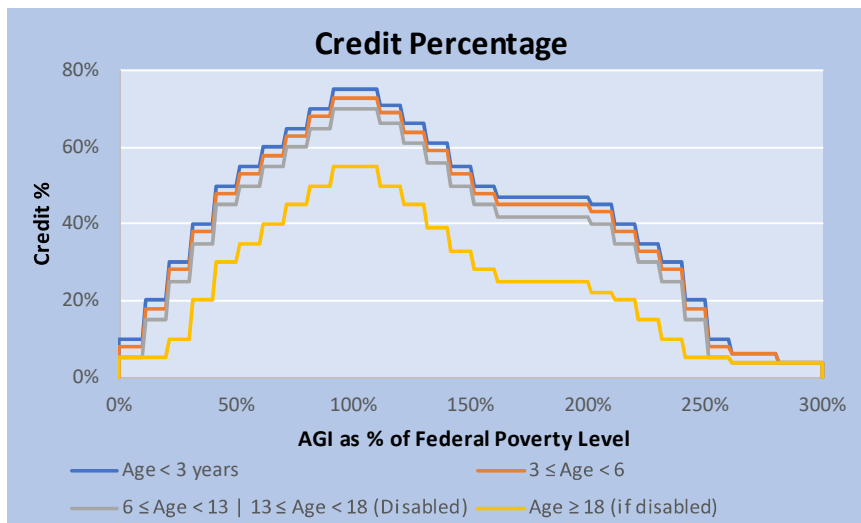
$$\text{Credit} = \text{Credit \%} * \text{Qualified Expenses of Care for a Qualifying Individual}$$

¹⁶ In 2015, Rep. Keny-Guyer was chair of the House Committee on Human Services & Housing and submitted to the Joint Committee on Tax Credits testimony responding to various tax credit policy related questions.

¹⁷ The Child and Dependent Care credit was not refundable though a 5-year carryforward was available, whereas the Working Family Child Care credit was refundable.

The credit percentage is based on a taxpayer’s adjusted gross income (AGI) as a percentage of federal poverty level (FPL) and the age of the youngest qualifying dependent individual. Once a taxpayer’s AGI as a percentage of FPL equals more than 300%, the taxpayer no longer qualifies for the credit.

FPL is determined by household size and adjusted to inflation. Respective limits for tax year 2020 qualification are displayed in the table below. The chart below displays the **credit percentages** by respective age of youngest qualifying individual. As displayed, credit percentage increases as AGI as percent of FPL reaches 100%, then the credit percentage plateaus, followed by a decreasing period, secondary plateau, and finally decreased until credit is fully phased-out when AGI as a percentage of FPL becomes greater than 300%.



TY 2020 AGI Limits	
Household Size	AGI at 300% of FPL
2	\$51,720
3	\$65,160
4	\$78,600
5	\$92,040
6	\$105,480
7	\$118,920
8 or more	\$132,360

Qualified expenses are expenses paid by the taxpayer for household services and/or care of a qualifying individual that allow the taxpayer to work, seek work, or attend school on a full-time or part-time basis (part-time only applicable to an unmarried taxpayer).¹⁸ Qualified expenses include childcare expenses and household services such as a cook, babysitter or housekeeper. Qualified expenses are limited to the least of:

- \$12,000 for 1 qualifying individual or \$24,000 for 2 or more (reduced for any amount excluded from income via an employer dependent care assistance program)
- Earned income taxable by Oregon
- Lesser amount of earned income taxable by Oregon earned by each spouse.

A **qualifying individual** is defined in three ways:

- 1) A child under the age of 13 claimed as a dependent by the taxpayer
- 2) A disabled spouse who isn’t physically or mentally able to care for themself and lived with tax filer for more than half the year

¹⁸ Care includes the cost of services for the qualifying individual’s well-being and protection. It doesn’t include the cost of food, lodging, education, clothing, or entertainment. (Oregon Department of Revenue, 2019)

- 3) Any disabled person who isn't physically or mentally able to care for themselves and lived with the taxpayer for more than half the year.

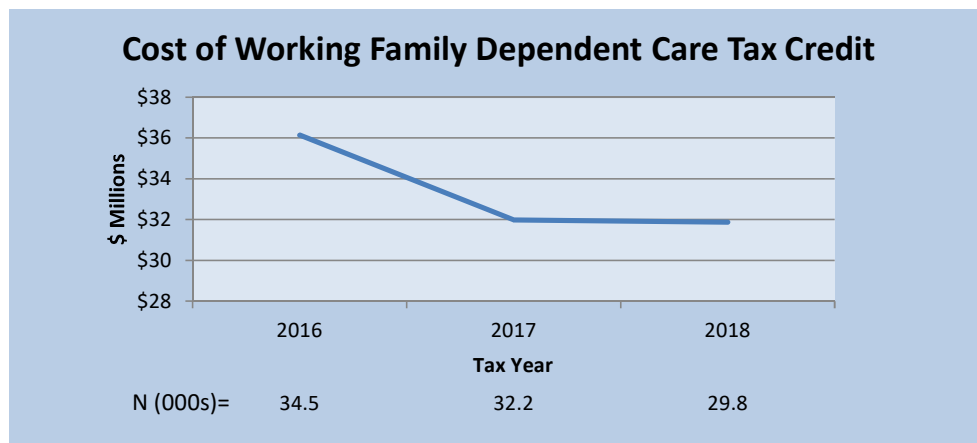
For taxpayers filing jointly, if either taxpayer is enrolled as a full-time student then an income amount is imputed for the student equal to \$250 per month or \$500 per month (if two or more qualifying individuals are cared for). As qualified expenses are limited to the least of either spouse's earned income, the imputed income allows taxpayers to receive credit benefit in instances where a spouse is a full-time student with little to no earned income (the imputed income is treated as an earned income floor for credit calculation purposes). Non-married taxpayers who attend school full or part-time may qualify for the credit, but no imputed income is included as earned income.

Policy Analysis

The provision of child care and care for individuals with disabilities is a sizeable policy subject that is too expansive to be addressed in a comprehensive way in a single section in this report. Rather, this report section provides supplemental information to the larger discussion through an analysis of Oregon's WFHDC credit. Oregon's WFHDC is but one component in the larger provision of support provided to households where care is required for younger household members or disabled household members, in order to allow other household members to be employed, seek employment or attend school.

This policy analysis is laid out in five sections. The first section provides some background and context on the provision of child care in Oregon. The second section discusses the confluence of programmatic support for households of low to moderate income. The third section provides background on Oregon's Employment Related Day Care program. The fourth section lists budgetary expense of similar programs in Oregon and the final section concludes with background on taxpayers claiming the WFHDC credit.

The chart below displays the cost of the credit since inception in tax year 2016. The average annual cost of the credit for years 2016-2018 is about \$33 million which is the same as the annual average cost (years 2011-2015) of the two credits from which the WFHDC credit was formed.



Background and Context

The definition of "child care" can sometimes vary depending on the context in which the term is used. In some instances child care may be in reference to paid child care whereas in others the term is used more broadly to represent all forms of child care regardless of whether the child is receiving such care in say a day care center setting or from a parent or grandparent. For purposes of the WFHDC credit, qualified

expenses include amounts paid for care of a qualifying individual (e.g. child under 13) by the taxpayer. If for example a grandparent is providing child care at no charge, then no qualified expenses exist.

Categorizing child care arrangements can be difficult in that households can often utilize multiple arrangements at once or at different times (e.g. combination of organized after-school care and grandparents). One distinction is “in a regular care arrangement” or “no regular arrangement”.¹⁹ Generally, nearly 40% of preschool aged children have no regular arrangement with about 60% receiving care in a regular arrangement (Laughlin, 2013). Of those in a regular arrangement, a bit over 50% receive some amount of nonrelative care (Laughlin, 2013). It is important to keep in mind that a household’s care situation may not align with the household’s preferred choice. For example, a household may be utilizing multiple care methods (including family) due to the household’s difficulty in affording center-based care or due to available care hours not aligning with household needs due to hours of employment.

From a household perspective, multiple characteristics are involved in determining what type of child care is available and/or utilized by the household. Household income can be a determinant in type of care utilized. The literature refers to a “reservation wage”, which is basically the break-even point where going to work will exactly offset the cost of child care. If the income from working is below this wage, then working will reduce the parent’s income. Their wage would need to be higher than the reservation wage for work to be financially viable. For a household without sufficient income and with a need and/or desire to purchase child care, outside intervention is necessary for such care to be available to that household. Outside intervention can include governmental support through child care subsidies, income and expenditure support programs and tax credits.

Child care costs less than seven percent of family income is an often used metric to determine affordability of care for a family (Joint Task Force on Access to Quality Affordable Child Care, 2020).²⁰ According to Oregon State University research (Pratt, Chandler, Barrett-Rivera, Thogmartin, & Weber, 2020), only families making above the median income in Oregon can afford child care in line with the seven percent of family income metric. For families in the U.S. with mothers present and children under 15, the average monthly expenditures on child care as a percent of income was 6.9% for families with income equal to or greater than 200% of poverty level (Laughlin, 2013). This coincides with government early care and education subsidy programs that focus eligibility on families at or below 200% of federal poverty level (WFHDC credit is available to households 300% or less). In Oregon, there are about 265,000 children under the age of six and about 600,000 children under the age of thirteen (U.S. Census Bureau, 2019). Of both respective groups, about one-third live below 200% of the federal poverty level (U.S. Census Bureau, 2019). Census statistics suggest a need of financial support for such families in obtaining paid child care.

Confluence of WFHDC Credit and other Income Support Programs

The intent of the WFHDC credit is not for the credit to work in isolation but rather work as a complimentary policy to other child/dependent care expense offsetting policies and the broader income

¹⁹ Child with no regular arrangement will generally be living with a parent who was not employed and therefore it is assumed the parent is providing the care. “Regular care arrangement” can include care from a relative (e.g. mother, father, grandparent) or a nonrelative (e.g. organized care facility, in child’s home, in provider’s home).

²⁰ The U.S. Department of health and Human Services has defined affordable child care as costing no more than 10 percent of family income (U.S. Council of Economic Advisers, 2015).

enhancement policies available to working households of low to moderate income.²¹ Before discussing how the WFHDC credit interacts with other programs, a brief discussion of other related programs is provided.²²

From a broad perspective, other policy related direct spending and tax provisions includes means-tested government transfers and transfers via the tax system. This is displayed in the formula below. Note that negative tax liability (e.g. resulting from federal earned income tax credit) will result in an increase in household income.

$$\text{Household income} = \text{Inc. before transfers \& taxes} + \text{means tested transfers} - \text{federal taxes}$$

Federal fiscal policies can have a significant effect on the economic resources available to U.S. households. Means-tested transfers and federal taxes also affect the distribution of household income. In 2017, net means-tested transfers and federal income taxes for households in the lowest income quintile increased such households income on average by \$14,600 (from \$21,300 to \$35,900, or about 69%) (CBO, 2020). Means-tested transfers includes: Medicaid and Children’s Health Insurance Program (CHIP), Supplement Assistance Nutrition Program (SNAP), Supplementary Security Income (SSI), and other programs.²³ Generally, for households in the lowest income quintile, means-tested transfers have increased as a share of total income since 1980 (CBO, 2020).²⁴ The vast majority of the growth since 1980 has been driven by growth in Medicaid and CHIP with modest growth in SNAP and SSI and a net decrease in other transfers (CBO, 2020).

Moving from the national macro approach (as used by the CBO analysis) to a more Oregon centric analysis, included in the Spring 2019 DHS/OHA Regional Forecasts by District was a special section titled, Meeting Basic Needs in Oregon’s Counties. This special section provides an analysis of the interaction of various policy elements affecting a household’s ability to meet its basic needs. The analysis was performed using an Oregon Department of Human Services (DHS) model that simulates how means tested transfer benefits and refundable tax credits affect a household’s overall income and expenses as adjusted for geographic location and household composition.²⁵ The model output is designed to quantify a household’s ability to meet basic living expenses (as estimated) after accounting for all sources of income (earned income, transfer benefits and tax credits). The model output is displayed as a “percentage of basic needs met” where 100% reflects a household with total income equal to total expense. The model is designed to provide straightforward examples intended to help illuminate key dynamics inherent in the system

²¹ This was reflective in the legislative committee discussions that took place during the 2015 legislative session in which the WFHDC credit was enacted.

²² For more detailed information and description of programs see *The State of Early Care and Education and Child Care Assistance in Oregon* (2019), Early Learning Division, Oregon Department of Education, <https://olis.oregonlegislature.gov/liz/201911/Downloads/CommitteeMeetingDocument/221824>.

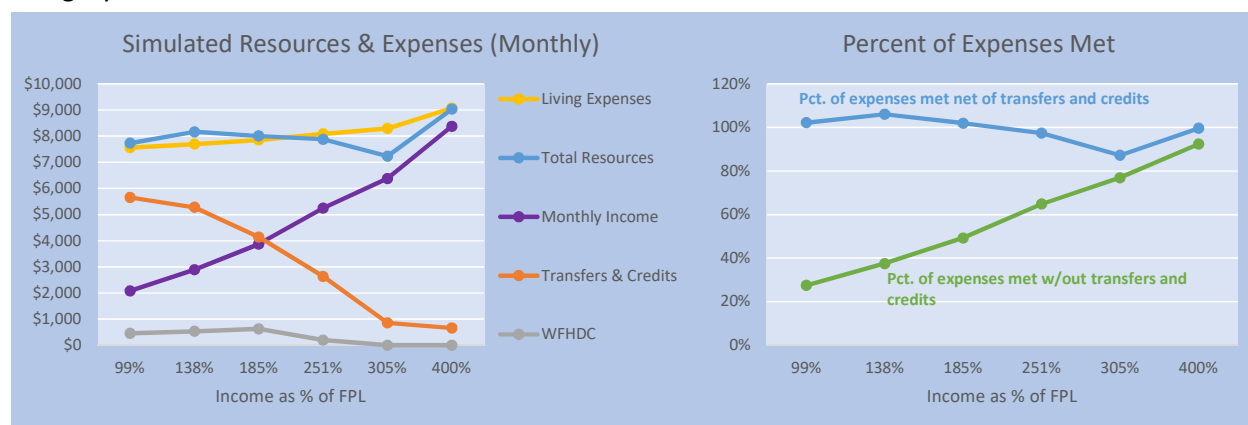
²³ Other includes such programs as housing assistance programs, low-income subsidies for Part D of Medicare, Temporary Assistance for Needy Families (TANF), child nutrition programs, cost-sharing reductions under the Affordable Care Act, Low Income Home Energy Assistance Program, and some state and local government general assistance programs.

²⁴ This growth has not been consistent, with periods of higher growth and lower growth coinciding with underlying economic conditions.

²⁵ The full document can be downloaded from <https://www.oregon.gov/DHS/BUSINESS-SERVICES/OFRA/ofradocuments/Spring%202019%20Regional%20Caseload%20Forecast.pdf>.

(DHS/OHA Office of Forecasting Research and Analysis, 2019).²⁶ While the model provides examples, it may not accurately reflect the individual situations and experiences of individual households.

The two charts below display the DHS/OHA model’s output of a simulated one adult three children household located in Wilsonville. The children in the household are assumed to be aged 1, 3 and 7 years old. The household simulation is performed at various levels of earned wage income as a percentage of federal poverty level (FPL) and reflects monthly simulation amounts. The chart to the lower left displays dollar amounts for the household at the various FPL levels. As displayed in the lower left chart, as household monthly income (earned income, purple line) increases, so does the household’s income as a percentage of FPL. The simulation displays the household at 99% of FPL having total resources (earned income + transfers + credits) basically equal to living expenses. This is reflected in percentage terms in the chart to the lower right in which the blue line represents percent of expenses met net of transfers and credits and the green line represents percent of expenses met as a percentage of earned income. The grey line displays the simulated value of the WFHDC credit which is one component of the transfers & credits category.



(DHS/OHA Office of Forecasting Research and Analysis, 2019)

As displayed, the WFHDC credit is a proportionately larger component of overall transfers and credits as income as a percent of FPL increases. In this example, the proportionate value of the WFHDC credit ranges from 8% to 15% of all transfers and credits (for 99% to 251% of FPL). This range largely reflects decreases in transfer amounts that occur as income as percentage of FPL increases.

Collectively, these two charts display the relative importance that transfers and credits have in potentially aligning household resources with household living expenses. In the scenario presented, benefits from Oregon’s Employment Related Day Care Program accounted for about half of the household’s total transfers and credits, signifying the importance of the direct spending program. Again, this analysis is intended to illuminate key dynamics. Actual household experiences will depend on specific household characteristics and availability of, and qualification for, transfers.

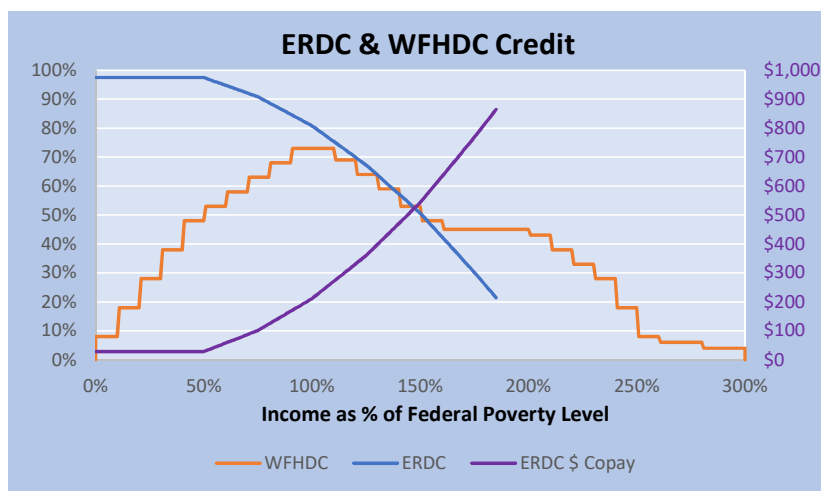
²⁶ The DHS/OHA model output document did originally contain an error in the WFHDC credit calculation. Updated DHS/OHA document was forthcoming at time of report publication. As such, credit amounts presented in this document may differ, though overall household analysis is similar.

WFHDC Credit and the Employment Related Day Care Program

The Employment Related Day Care (ERDC) program provides subsidies to qualifying parents (working with income below 185% of federal poverty level²⁷) to offset the cost of child care of children through age 12. The ERDC is primarily a voucher program that requires parents to pay a copay (paid to child care provider) that increases as income as percentage of FPL increases.

Programs that offset child care costs, such as the ERDC, can reduce use of the WFHDC credit as the credit amount is determined based on employment related expenses paid by the taxpayer. ERDC copayments can qualify for employment related expenses and therefore can be offset by the WFHDC credit. ERDC copayment is determined by formula using a family's income at initial certification and accounts for family size and income. As family income as a percent of FPL increases, so does the required copayment.²⁸ As Oregon allows child care providers whose fees exceed the maximum ERDC payment rate to charge parents the difference between the provider's usual fee and the maximum rate, those additional fees can also be offset by the WFHDC credit.

The following chart displays how the benefits from the ERDC and WFHDC credit overlap. The orange line displays the WFHDC credit percentage available to taxpayers with the specified income as a percentage of federal poverty level (FPL). As previously discussed, the credit percentage initially increases as income as a percent of FPL increases before phasing out (credit amount equals qualified expenses multiplied by credit percentage). The ERDC works somewhat inversely to the WFHDC credit. The blue line displays the amount of potential child care costs paid by the ERDC, (as a percentage of overall child



care cost) with the unpaid amount reflecting the copay required. The purple line displays the ERDC copay amount required to be paid by the taxpayer and aligns with the right vertical axis. The chart is for policy illustrative purposes and is based on a one adult one child household. As a taxpayer's income as a percent of FPL increases, so too does their copay.²⁹ This copay amount is then partially offset by the credit. For example, a taxpayer with income of about 150% of FPL would be responsible for a copay of about \$500 (roughly 50% of childcare costs). With an income equal to 150% of FPL, the taxpayer's credit percentage is equal to 50% which results in a credit amount equal to \$250, or half the amount of the copay. However, the taxpayer may not monetarily benefit from the credit until the taxpayer files their tax return, a

²⁷ ERDC copayment may not increase during the 12-month certification period due to wage increases or job changes which can lead to households above 185% FPL receiving ERDC benefits (OAR 461-150-0090, 461-150-0060).

²⁸ In response to the COVID-19 pandemic, ERDC emergency policies were adopted including waived copay, increased eligibility and changes to the billing process (Pratt, Chandler, Barrett-Rivera, Thogmartin, & Weber, 2020). "Due to the COVID-19 pandemic, all ERDC copays, beginning March 2020 through the end of the Governor-declared state of emergency period, shall be waived to \$0" (Oregon Department of Human Services, 2021).

²⁹ ERDC become unavailable once income exceeds 185% of FPL.

potentially critical issue for households without the sufficient cash flow or savings to cover the full cost of the copay at the time.

A key policy difference between the ERDC and the WFHDC credit is timing of benefit. The ERDC is a direct spending program where funds are dispersed from the state to a child care provider (that meets DHS requirements) on behalf of a household receiving child care. The household is responsible for the monthly ERDC copay and costs charged in addition to those covered by the ERDC. While challenges do exist for child care providers regarding timing of ERDC payments and copayment received, the program is designed to align timing of payments with childcare liability date (Pratt, Chandler, Barrett-Rivera, Thogmartin, & Weber, 2020). As the WFHDC credit is a refundable credit, taxpayers generally receive the credit benefit at time of tax return filing. Past and current examples exist where tax credit benefits are received periodically throughout the year rather than only at return filing (Holt, Grant, & Aderonmu, 2020). Participation and disbursement of such periodic credit benefits has been mixed (U.S. Government Accountability Office, 2007).

Similar Incentives in Oregon

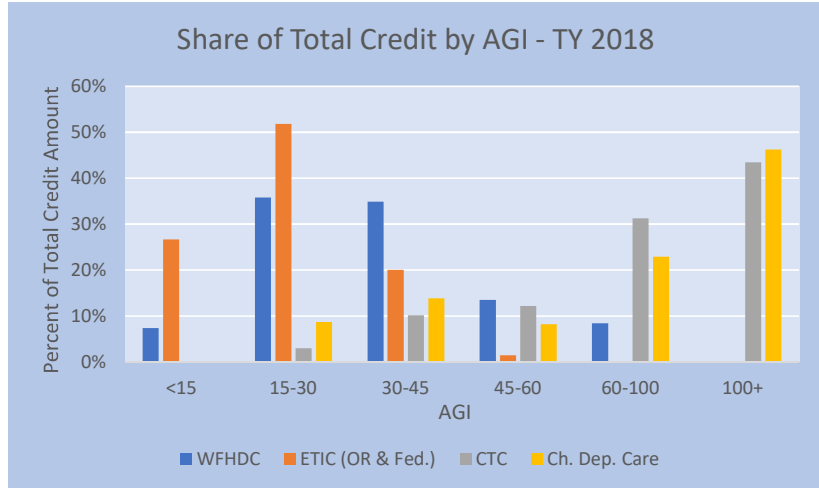
The table to the right details tax credits and direct spending programs in Oregon that overlap with the policy of the WFHDC credit. In addition to the related state and federal tax credits, Oregon has five direct spending programs relating to early child care and education (Early Learning Division, 2019).³⁰ The identified tax credits increase the after tax income of households that may also qualify for a WFHDC credit. Credit overlap is somewhat limited due to characteristics of each credit.

Other Tax Credits	2019-21 Legislatively Adopted Budget (\$M)	
	General Fund	Federal Funds
Earned Income	\$106.6	\$1,150
Child with a Disability	\$9.0	
Severe Disability	\$9.2	
Child		\$1,935
Dependent Care		\$78.0
Direct Spending Program	General Fund	Federal Funds
Employment Related Day Care (ERDC)	\$66.5	\$116.3
Preschool Promise	\$37.1	
Oregon Head Start	\$156.4	\$122.4
Early Head Start	\$1.7	\$64.2
Baby Promise		\$11.0

Note: Other self-sufficiency programs excluded as they are less directly related to WFHDC though. Direct spending does not include new investments from Student Success Act. Credit amounts are estimates.

³⁰ Focus is on programs available in 2019-21 biennium and does not include new investments from the Student Success Act that will affect the 2021-23 biennium. Recent COVID related funds may not be included.

The chart to the right displays credit amount by adjusted gross income (AGI) and type of credit. As displayed, the WFHDC and EITC credits benefit lower and moderate income households to a greater extent than the federal child tax and child and dependent care credits.



(Oregon Department of Revenue, 2020)

Beneficiaries of the WFHDC Credit

The table below displays the Oregon full-year resident taxpayers directly benefitting from the WFHDC credit for tax year 2018. The five income groups displayed represent the five numerical quintiles of income tax returns filed in 2018 (meaning each category represents 20% of the overall number of tax returns filed in TY 2018). As displayed, the total cost of the credit was \$30.5 million with over fifty percent of the credit (by value) going to taxpayers with income below \$32,900. The overall average benefit from the credit was \$1,100. As the credit is a refundable income tax credit, taxpayers receive the full benefit of the credit regardless of the taxpayer’s tax liability.

Working Family Household & Dependent Care 2018 Personal Income Tax Filers				
Income Group of Full-Year Filers	Number of Filers Using Credit	Avg. Revenue Impact of Credit	Revenue Impact (\$ millions)	Percent of Revenue Impact by Income Group
< \$16,100	2,910	\$930	\$2.7	9%
\$16,100 - \$32,900	8,810	\$1,480	\$13.1	43%
\$32,900 - \$57,100	10,380	\$1,100	\$11.5	38%
\$57,100 - \$100,100	5,550	\$590	\$3.3	11%
> \$100,100	100	\$320	<\$0.1	<1%
Total Full-Year Filers	27,760	\$1,100	\$30.5	100%

(Oregon Department of Revenue Research Section, 2020)

The three following tables display the credit amount used by adjusted gross income (AGI), average credit amount used by AGI and credit amount used by age of primary taxpayer.³¹ As displayed, about half of the credit is claimed by taxpayers with an AGI between 20,000 to 40,000. Unsurprisingly, nearly 75% of the total credit amount is claimed by taxpayers aged 25-45.

Credit Amt. Used by AGI Category TY 2018 Full Year Filers			Avg. Credit Amt. Used by AGI Category, TY 2018 Full Year Filers		Credit Amt. Used by Age Category TY 2018 Full Year Filers		
AGI (000's)	Used	Pct. of Total	AGI (000's)	Avg. Amount	Age	Used	Pct. of Total
<0	6,300	0%	<0	\$316	0 - 14	0	0%
0-5	55,300	0%	0-5	\$214	15 - 19	56,000	0%
5-10	506,900	2%	5-10	\$680	20 - 24	1,954,400	6%
10-15	1,662,300	5%	10-15	\$1,104	25 - 29	6,892,500	23%
15-20	2,685,400	9%	15-20	\$1,381	30 - 34	8,692,400	28%
20-25	3,675,800	12%	20-25	\$1,467	35 - 39	6,950,300	23%
25-30	4,578,100	15%	25-30	\$1,516	40 - 44	3,767,900	12%
30-35	4,497,600	15%	30-35	\$1,481	45 - 49	1,425,700	5%
35-40	3,622,400	12%	35-40	\$1,328	50 - 54	459,200	2%
40-45	2,522,600	8%	40-45	\$1,063	55 - 59	207,700	1%
45-50	1,730,700	6%	45-50	\$875	60 - 64	79,900	0%
50-60	2,392,200	8%	50-60	\$828	65 - 69	28,500	0%
60-70	1,497,800	5%	60-70	\$662	70 - 74	11,500	0%
70-80	694,100	2%	70-80	\$454	75 - 79	4,500	0%
80-90	267,600	1%	80-90	\$405	80 - 84	0	0%
90-100	105,200	0%	90-100	\$523	85+	0	0%
100-250	31,800	0%	100-250	\$315	Unknown	1,900	0%
250-500	0	0%	250-500	\$0	Total	30,532,300	100%
500+	0	0%	500+	\$0			
Total	30,532,300	100%	Total	1,100			

(Oregon Department of Revenue, 2020)

Other States

Oregon's WFHDC credit is similar in many ways to the federal Child and Dependent Care credit (Oregon references many of the Internal Revenue Code definitions). The federal credit is also limited to a dependent qualifying child who was under age thirteen when the care was provided. Similar to Oregon's credit, the federal credit amount is equal to a credit percentage multiplied by total qualifying expenses. However, the federal credit limits qualifying expenses to no more than \$3,000 (one qualifying individual) or \$6,000 (two or more qualifying individuals). A key difference between Oregon's credit and the federal credit is that the federal credit is not refundable. Credit non-refundability means the credit only benefits taxpayers with sufficient tax liability.

Many other states provide state child and dependent care tax credits. Often the state credits are based off or related in some way to the federal credit. In some instances, states allow a state credit equal to a percentage of the federal credit. Some state credits are refundable (or partially refundable). Similar key parameters are that the credit is income based with benefits decreasing as income increases and is directly related to amount of qualifying expenses. Some states provide a deduction of child care expenses.

³¹ For married filing jointly taxpayers, age reflects the age of the first taxpayer listed on the tax return.

Appendix A: Legislative History

This appendix contains the legislative history for each tax credit included in this report. Statutory changes can be technical in nature or policy oriented. Text in bold identifies changes that are more policy oriented.

Statute	Tax Expenditure (TE) Name and TE Number (Number aligns with Governor's Tax Expenditure Report)				
315.613-619	1.408 Rural Medical Providers				
	Year	Bill	Chapter	Section(s)	Policy
	1989	SB 438	893	2-6a	Created: \$5,000 for ten years if 60% of practice is rural Available TYs 1990-93 For physicians, physician assistants and nurse practitioners
	1991	HB 2162	877	16-18	Modify hospital requirements Extended to 1/1/95 Clarify time calculation Add certified registered nurse anesthetists
	1995	HB 2255	746	36-38	Establish qualification deadline of 12/31/01 Add podiatric physicians & surgeons and
	1997	HB 3140	787	3	Add optometrist (up to five by 7/1/99)
	1999	SB 530	459	1	Remove 10-year limit Add rural critical access hospitals to qualification
	1999	HB 2267	582	10	Change registered to licensed
	1999	SB 1093	802	4	Grammar change
	2001	HB2206	509	12	Remove 2001 eligibility deadline Modify B hospital requirements
	2003	HB 2424	46	39-40	Internal reference changes
	2005				Moved from ORS 316.143/144/146 to 315.613/616/619
	2009	HB 2009	595	205	Reference change
	2009	HB 2067	913	25	Add sunset of 1/1/2014 and grandfather clause if eligible in 2013
	2013	HB 3367	750	10-12	Extend sunset to 1/1/2016 Change 60% requirement to 20 hrs./wk. Add certain rural referral centers Add eligibility requirement pertaining to Medicare and medical assistance patients being served
	2015	HB 2171	701	18-19	Extend sunset to 1/1/2018 Modifies credit to \$3,000-\$5,000 depending on distance from a population center
	2015	HB 3396	829	7-7a	Extend sunset to 1/1/2018 Statutory language and definitional modifications
	2016	SB 1507	29	1	Technical corrections
	2017	HB 2066	610	13-14	Extend sunset to 1/1/2022 Create income cap of \$300,000 (non-surgeons) Limit credit to no more than 10 years per taxpayer
	2019	HB 2847	495	1	Expands list of hospitals whose medical staff may qualify for credit
315.624	1.449 Oregon Veterans' Home Physician				
	Year	Bill	Chapter	Section(s)	Policy
	2007	HB 3201	843	3,9	Created with 1/1/12 sunset
	2009	HB 2067	913	52	Extend sunset to 1/1/2016
	2015	HB 2171	701	12	Extend sunset to 1/1/2022
315.264	1.425 Working Family Household and Dependent Care				
	Year	Bill	Chapter	Section(s)	Policy
	2015	HB 2171	701	3,5	Created credit through combination of policies contained in expiring 'Child and Dependent Care' & 'Working Family Child Care' credits Established sunset of 1/1/2022
	2017	SB 162	638	2	Extends to non-married taxpayers Limits expenses to income earned in OR Requires earned income to claim credit
	2018	HB 4028	111	7	Limits amount of employment-related expenses to lesser amount attributable to either spouse on a combined return
315.271	1.427 Individual Development Account Contributions				
	Year	Bill	Chapter	Section(s)	Policy
	1999	HB 3600	1000	12	Enacting legislation Credit equal to lesser of: 25% of donation, \$25,000
	2001	HB 3391	648	1	Modified credit equal to lesser of: 75% of donation or \$75,000
	2007	HB 2094	765	1,98	Add sunset of 1/2/2016 Refined definitions IRC update
	2009	HB 2067	913	48	Extend donation sunset to 1/1/2016
	2015	HB 2171	701	7-8	Modified credit equal to percentage of donation as determined by fiduciary organization, not to exceed 70% Limited total credits per tax year to \$7.5 million Extend sunset to 1/1/2022
	2016	SB 1507	29	2	Total credit to a taxpayer per tax year limited to \$500,000
	2019	HB 2164	579	49a,49b	Credit donation percentage limited to 90%, applicable beginning with TY 2019