

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
81st Oregon Legislative Assembly  
2021 Regular Session  
Legislative Revenue Office

**Bill Number:** SB 146  
**Revenue Area:** Personal Income Taxes  
**Economist:** Kyle Easton  
**Date:** 3/31/2021

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

**Measure Description:**

Extends sunset, from January 1, 2022 to January 1, 2028, of working family household and dependent care (WFHDC) credit.

**Revenue Impact (in \$Millions):**

	Fiscal Year		Biennium		
	2021-22	2022-23	2021-23	2023-25	2025-27
<b>General Fund</b>		-\$31.9	-\$31.9	-\$63.8	-\$63.8

**Impact Explanation:**

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 paid by the taxpayer.

In 2018, nearly 28,000 Oregon resident taxpayers claimed the credit with the average amount claimed being about \$1,100. In years 2017 and 2018, the total annual cost of the credit was about \$32 million. As credit amount is based on the amount of employment related expenses paid by the taxpayer (e.g. childcare expenses), other factors can influence the overall cost of the credit. A notable factor is Oregon’s Employment-Related Day Care program which makes childcare payments on behalf of qualifying families. Estimate of potential cost of extending the credit sunset date is based on a historical use of the credit.

This measure has a subsequent referral to the Joint Committee on Tax Expenditures. An expanded revenue impact statement will be developed for that committee.

**Further Analysis Required**

**Creates, Extends, or Expands Tax Expenditure: Yes  No**

The policy purpose of this 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.