

HB 2204 STAFF MEASURE SUMMARY

House Committee On Higher Education

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Sub-Referral To: Joint Committee On Tax Expenditures

Meeting Dates: 3/2, 3/23

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.

ISSUES DISCUSSED:

- Costs of training temporary workers
- Incentives for participation in Oregon Youth Employment Program

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Oregon Youth Employment Program (OYEP) was created by Senate Bill 175 (2011) as part of a broader legislative initiative on workforce development. OYEP, as administered by the Higher Education Coordinating Commission (HECC), partners with local workforce development boards to provide work experience and training grants for youth ages 14 to 24. OYEP was most recently modified by House Bill 2092 (2021) and is governed by ORS 660.353.

Participants in OYEP receive individual development plans; work readiness instruction; and at least 5 weeks of paid internships, preapprenticeships, or other work experience. 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.

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.