

SB 694 STAFF MEASURE SUMMARY

Senate Committee On Early Childhood and Behavioral Health

Prepared By: Katie Hart, LPRO Analyst

Sub-Referral To: Senate Committee On Finance and Revenue

Meeting Dates: 2/25, 3/11

WHAT THE MEASURE DOES:

The measure raises the amount of the child tax credit from \$1,000 to \$1,200 per dependent and increases the annual income limit for eligibility.

Detailed Summary:

- Increases the annual income limit for eligibility for the full credit from \$25,000 per year to \$35,000.
- Increases the annual income limit for eligibility for the partial credit from \$30,000 to \$45,000.
- Changes the inflation indexing of maximum credit amount and income limits from the second quarter of 2022 to the second quarter of 2024.
- Applies to tax years beginning on or after January 1, 2026. Takes effect on the 91st day following adjournment sine die.

Fiscal impact: Fiscal impact issued

Revenue impact: Revenue impact issued

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

A state tax credit is a reduction in the amount of taxes owed to the State of Oregon, which may include both income and excise taxes owed by individuals and corporations. Oregon law provides for several types of tax credits that are designed to incentivize certain behavior or alleviate pressures faced by taxpayers. Certain tax credits may be refundable, meaning that the amount refunded to the taxpayer may exceed the amount of taxes paid to the state, resulting in a net benefit to the taxpayer.

[House Bill 3235](#) (2023) created a refundable income tax credit, known as the Oregon Kids Credit, for residents with qualifying dependent children under the age of six. The credit can be claimed for up to five qualifying dependent children per taxpayer.

Senate Bill 694 modifies the Oregon Kids credit by increasing the income limit and maximum amount of the credit.