Senate Bill 467

Sponsored by Senator WEBER; Senators CAMPOS, FREDERICK, THATCHER, WOODS, Representatives JAVADI, LEVY B, NELSON, NGUYEN H, OSBORNE, WRIGHT (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced.** The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act makes a tax credit for some child care workers that starts in 2026. The Act lets the child care worker put the credit in the ORSP. (Flesch Readability Score: 83.8).

Creates a refundable income tax credit for certain child care workers. Provides for a child care worker to elect to deposit the refund attributable to the credit in the Oregon Retirement Savings Plan. Provides for the credit to be claimed on the personal income tax return for the 2026 tax year.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to tax credits for child care workers; creating new provisions; amending ORS 178.210 and 316.502; and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Section 2 of this 2025 Act is added to and made a part of ORS chapter 315.

SECTION 2. (1) A credit against taxes that are otherwise due under ORS chapter 316 is allowed to a taxpayer who is an individual and who is an operator or an employee of a child care facility that is certified or registered under ORS 329A.280 or 329A.330 or of a subsidized care facility regulated under ORS 329A.500.

(2)(a) The credit shall be computed by multiplying five percent by the income earned by the taxpayer as an operator or employee of a child care facility that is certified or registered under ORS 329A.280 or 329A.330 or of a subsidized care facility regulated under ORS 329A.500.

(b) Notwithstanding the calculation provided in paragraph (a) of this subsection, a credit under this section may not exceed $2,000.

(3) If the amount allowable as a credit under this section, when added to the sum of the amounts allowable as payment of tax under ORS 316.187 or 316.583, other tax prepayment amounts and other refundable credit amounts, exceeds the taxes imposed by ORS chapters 314 and 316 for the tax year after application of any nonrefundable credits allowable for purposes of ORS chapter 316 for the tax year, the amount of the excess shall be refunded to the taxpayer as provided in ORS 316.502.

SECTION 3. Section 4 of this 2025 Act is added to and made a part of ORS chapter 305.

SECTION 4. (1) The Department of Revenue shall provide a means by which a personal income taxpayer who is an individual and who is an operator or an employee of a child care facility that is certified or registered under ORS 329A.280 or 329A.330 or of a subsidized care facility regulated under ORS 329A.500 may elect to establish an account under the retirement plan established under ORS 178.205.

(2) A taxpayer described in subsection (1) of this section may elect to contribute all or a portion of a refund of personal income tax attributable to the credit against taxes allowed

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

under section 2 of this 2025 Act to an account under the retirement plan established under ORS 178.205 by direct deposit to the financial institution managing the account. The amount elected to be contributed by the taxpayer must be at least $25 and may be applied as a contribution only for the tax year in which the refund is issued.

(3) The election to contribute all or a portion of a refund shall be made on a form prescribed by the department and filed with the taxpayer's tax return for the tax year or at such other time and in such other manner as the department may prescribe by rule. The department shall prescribe by rule the maximum number of accounts to which a taxpayer may elect to contribute a portion of the refund.

(4) The election to contribute all or a portion of a refund may not be changed or revoked.

(5) The election to contribute all or a portion of a refund shall be void, and no portion of the refund may be contributed to an account under the retirement plan established under ORS 178.205, if:

(a) The taxpayer's refund is offset to pay amounts owed by the taxpayer; or

(b) The taxpayer's refund is less than the total of the following:

(A) The contribution elected under subsection (2) of this section;

(B) Payments of tax as provided in ORS 316.583 that accompany the return;

(C) All contributions to charitable and governmental entities designated by means of a checkoff as provided in ORS 305.745;

(D) All contributions to political parties designated by means of a checkoff as provided in ORS 305.754; and

(E) All contributions elected under ORS 305.796.

SECTION 5. ORS 316.502, as amended by section 65a, chapter 70, Oregon Laws 2024, is amended to read:

316.502. (1) The net revenue from the tax imposed by this chapter, after deducting refunds and amounts described in ORS 285B.630 and 285C.635, shall be paid over to the State Treasurer and held in the General Fund as miscellaneous receipts available generally to meet any expense or obligation of the State of Oregon lawfully incurred.

(2) A working balance of unreceipted revenue from the tax imposed by this chapter may be retained for the payment of refunds, but such working balance shall not at the close of any fiscal year exceed the sum of $1 million.

(3) Moneys are continuously appropriated to the Department of Revenue to make:

(a) The refunds authorized under subsection (2) of this section; and

(b) The refund payments in excess of tax liability authorized under ORS 315.133, 315.174, 315.262, 315.264, 315.266, 315.273, 315.519 and 316.090 and section 3, chapter 589, Oregon Laws 2021**, and section 2 of this 2025 Act**.

SECTION 6. ORS 178.210 is amended to read:

178.210. (1) The plan developed and established by the Oregon Retirement Savings Board under ORS 178.205 must:

(a) Allow eligible individuals employed for compensation in this state to contribute to an account established under the plan through payroll deduction.

(b) Require an employer to offer its employees the opportunity to contribute to the plan through payroll deductions unless the employer offers a qualified retirement plan, including but not limited to a plan qualified under section 401(a), section 401(k), section 403(a), section 403(b), section 408(k), section 408(p) or section 457(b) of the Internal Revenue Code.

(c) Provide for automatic enrollment of employees and allow employees to opt out of the plan.

(d) Have a default contribution rate set by the board by rule.

(e) Offer default escalation of contribution levels that can be increased or decreased within the limits allowed by the Internal Revenue Code.

(f) Provide for contributions to the plan to be deposited directly with the investment administrator for the plan.

(g) Whenever possible, use existing employer and public infrastructure to facilitate contributions to the plan, recordkeeping and outreach.

(h) Require no employer contributions to employee accounts.

(i) Require the maintenance of separate records and accounting for each plan account.

(j) Provide for reports on the status of plan accounts to be provided to plan participants at least annually.

(k) Allow for account owners to maintain an account regardless of place of employment and to roll over funds into other retirement accounts.

(L) Pool accounts established under the plan for investment.

(m) Be professionally managed.

(n) Provide that the State of Oregon and employers that participate in the plan have no proprietary interest in the contributions to or earnings on amounts contributed to accounts established under the plan.

(o) Provide that the investment administrator for the plan is the trustee of all contributions and earnings on amounts contributed to accounts established under the plan.

(p) Not impose any duties under the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.) on employers.

(q) Keep administration fees in the plan low.

(r) Allow the use of private sector partnerships to administer and invest the contributions to the plan under the supervision and guidance of the board.

(s) Allow employers to establish an alternative retirement plan for some or all employees.

(t) Allow an individual who is an operator or an employee of a child care facility that is certified or registered under ORS 329A.280 or 329A.330 or of a subsidized care facility regulated under ORS 329A.500 to contribute to the plan through a deposit under section 4 of this 2025 Act.

(2) The plan, the board, each board member and the State of Oregon may not guarantee any rate of return or any interest rate on any contribution. The plan, the board, each board member and the State of Oregon may not be liable for any loss incurred by any person as a result of participating in the plan.

SECTION 7. The Department of Revenue shall by rule establish procedures for administering the credit allowed under section 2 of this 2025 Act and shall provide a means by which a taxpayer may claim the credit on the personal income tax return filed for the 2026 tax year.

SECTION 8. (1) Section 2 of this 2025 Act applies to tax years beginning on or after January 1, 2026.

(2) Section 4 of this 2025 Act applies to income tax refunds payable to taxpayers for tax years beginning on or after January 1, 2026.

SECTION 9. This 2025 Act takes effect on the 91st day after the date on which the 2025 regular session of the Eighty-third Legislative Assembly adjourns sine die.