February 26, 2019

To: House Committee on Human Services and Housing
Chair Representative Alissa Keny-Guyer
Vice-Chair Representative Ron Noble
Vice-Chair Representative Tawna Sanchez
HHS exhibit email

House Committee on Revenue
Chair Representative Nancy Nathanson
Vice-Chair Representative Lynn Findley
Vice-Chair Representative Pam Marsh
HRev exhibit email

Re: HB 2139 (with -1 Amendment)/HB 3028 – Increase percentage of federal earned income tax credit (EITC) allowable as credit against Oregon personal income tax – Support

The League of Women Voters of Oregon has Positions in tax policy and child well-being to address this bill.

- LWVOR supports policies, programs, and funding at all levels of the community and government that promote the well-being, encourage the full development, and ensure the safety of all children.
- LWVOR believes any tax proposal should be evaluated with regard to its effect on the entire tax structure. The League supports a tax system that is based on ability to pay, but that applies a benefits-received principle wherever reasonable and that recognizes the role of social expediency.

The League is generally skeptical of most tax credits, believing that the market economy and/or direct legislative funding of priority programs through the Ways and Means process is preferable to creating a leaky sieve of tax-credits that take away revenue from the budgeting process. However, the EITC is rather unique. Oregon’s current tax system is regressive and unduly taxes the lowest income earners—a minimum wage worker hits the 9 percent tax rate at only $8,700 of taxable income. The EITC is a proxy for reinstating some of that tax money to low income earners.

Oregon’s EITC also has provisions to provide an additional supplement to families with infants and toddlers. In 2017, about three of every four poor Oregon children (72.8 percent) had at least one parent who worked. Poverty, regardless of a parent’s employment status, can harm a child’s development, particularly in the early years. For a single parent of two children, the maximum EITC federal benefit is $5,828. For that household working full time at Oregon’s standard minimum wage, the federal EITC credit is now about $4,800. If one or both of those two children is under three, the additional current Oregon credit is 11% of the federal credit, or $528. Under HB 3028, that family’s credit would be $1,200, a substantial difference to a family on the edge.

Thank you for the opportunity to discuss this legislation.

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LWVOR Policy Co-Coordinators for Revenue