

REVENUE: Yes – Revenue Impact issued

FISCAL: Yes – Fiscal Impact issued

Action: Do Pass as Amended and be Printed A-Engrossed

Vote: 8-0-2

Yeas: Bailey, Bentz, Berger, Bruun, Kahl, Riley, Sprenger, Barnhart

Nays: 0

Exc.: Gelser, Read

Prepared By: Chris Allanach, Economist

Meeting Dates: 4/7; 4/17

WHAT THE BILL DOES: Creates the 13-member Task Force on Utilization of the Earned Income Tax Credit to increase, through education and outreach, the number of eligible taxpayers who claim the EITC. Specifies membership and voting details. Requires the task force to develop recommendations for ensuring that state agencies work together to maximize use of the credits while minimizing inefficiencies. Requires the task force to submit a report to a legislative interim revenue committee by October 1, 2010. Requires the Department of Revenue to provide staff support. Appropriates money from the General Fund (currently blank) for the task force.

ISSUES DISCUSSED:

- Value of the credit to low income individuals and families
- Impact of federal dollars on Oregon economy
- Outreach efforts and their impact on participation rates

EFFECT OF COMMITTEE AMENDMENTS: Replaces bill.

BACKGROUND: Existing research indicates that the usage of the credit is less than 100 percent. The body of research covers a variety of tax years and focuses on different populations. In general, studies find that between 69 and 87 percent of those eligible for the tax credit claim it on their tax returns. Research has covered a variety of factors such as geography, size of household, and whether or not a tax return must be filed by the taxpayer.