

**REVENUE:** May have revenue impact, statement not yet issued

**FISCAL:** May have revenue impact, statement not yet issued

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**Action:**

**Vote:**

Yeas:

Nays:

Exc.:

**Prepared By:** Chris Allanach, Economist

**Meeting Dates:** 3/11

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**WHAT THE BILL DOES:** Increases the earned income tax credit from six percent of the federal credit to 18 percent of the federal credit by three percentage points each year over four years, 2011 through 2014. Extends the tax credit one year, through tax year 2014.

**ISSUES DISCUSSED:**

**EFFECT OF COMMITTEE AMENDMENTS:**

**BACKGROUND:** Oregon's earned income tax credit was created by the 1997 Assembly and was originally five percent of the federal credit and nonrefundable. In 2006, the credit became refundable, meaning that to the extent the tax credit exceeds the taxpayer's liability, the taxpayer is entitled to a refund of the excess. Beginning in 2008, the credit was increased to six percent of the federal credit. The credit depends on the number of dependent children and is phased out for taxpayers whose income is greater than roughly \$43,000 (single) or \$48,000 (joint). It is currently scheduled to sunset on January 1, 2014. In 2008, over 226,000 full-year filers claimed a total of \$25 million in credits.