



Urban League
of Portland

MEASURE: SB 349
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Testimony of Glendora Claybrooks, Volunteer for the Urban League of Portland

Senator Burdick and Members of the Senate Finance and Revenue Committee, my name is Glendora Claybrooks and I am here today speaking on behalf of the Urban League of Portland to garner your support in passing the SB 349 related to an increase from 6% to 18% in the earned income tax credit (EITC).

I was born and raised on a plantation in a small town called Blytheville Arkansas, my mother and I migrated to the North in the early 60's, and since then my teen and adult years have been burdened with financial struggles, personal hardships, and hand to mouth existence. Working many years as an underemployed and divorced parent, yes, I can identify with the EITC increase.

The problem:

Taxes hit low-income, working families hardest.

Oregon is in the minority of states that collects income tax from working families living below the poverty line. On top of that, other taxes and fees in Oregon's revenue system can hit low-income families hardest. For example, the January 1, 2011, gas tax increase, along with increased vehicle fees already in effect, takes a bigger bite out of the pocketbooks of low- and moderate-income working households compared to better-off households.

Why is the EITC important?

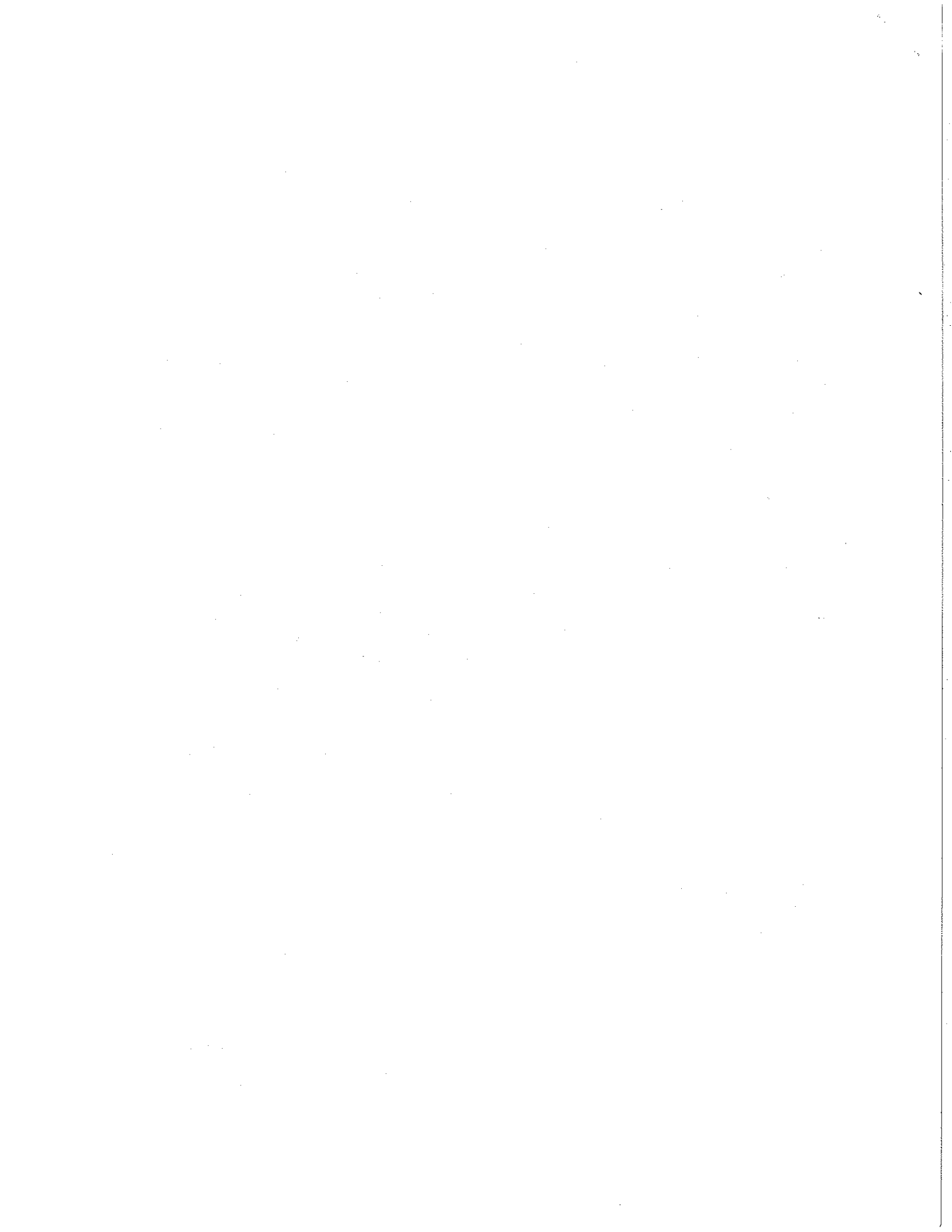
The EITC is important because it adds financial benefit to the disadvantaged populations of all individuals, families, and especially Black Americans who are underemployed. We, the Urban League of Portland know that the Black unemployment and underemployment populations suffer remarkable earning disproportionalities when compared to the household income of Whites.

Statistical Support Need:

The State of Black Oregon report, published in 2009, revealed that the median income of black headed households was less than 2/3s that of White households-a gap that remained unchanged since 1990. Recent data shows that this gap has indeed grown.

In Multnomah County alone:

- While only 7% of White families live in poverty, 32% of all Black American families do.
- Thirty-eight percent of black children live in households with incomes below the Federal poverty level (FPL).



EITC Benefits and Policy Solution:

First, we need to improve the state's Earned Income Tax Credit.

EITC benefits would enable the underemployed populations that already experience disparities in household income, child, and family poverty rates with critical support to families:

- Additional yearly income of dollars that would be regenerated into our economy.
- These funds will help pay toward utilities such as their gas, and electric bills, buy clothing, shoes etc.
- EITC dollars are spent quickly and locally.
- EITC would inject state tax dollars into communities throughout Oregon.
- Cut taxes for one in seven Oregon households, targeting help to low-income working families with children.
- When fully implemented, boost the average EITC household's earnings by about \$215 a year. For a family of four at the poverty line (with income of about \$22,000) it would mean about \$587 extra each year.
- Benefit over 220,000 households from all corners of Oregon.

Conclusion:

A state EITC is the most targeted way to improve the tax system for working families with children. SB 349 calls for an increase in Oregon's tax credit from its current 6 percent of the federal credit to 18 percent.

An EITC increase from 6% to 18% in the state of Oregon is crucial at a time when the poor economy is widening the poverty gap and state governments are eliminating or reducing social services. Although, EITC is a yearly benefit, it is a financial period of which we look forward to, for those of us who are underemployed. For example, I just filed my tax returns three days ago, and I so look forward to having extra monies to pay my electric bill. For me, this yearly EITC relieves a couple of month's undue stress in knowing I can pay a necessary bill to keep me out of the dark, prepare meals, and to keep warm both night and day.

Thank you for listening and thanking you in advance in your earnest consideration in supporting this important increase in EITC.

