



MEASURE: SB 349  
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Senate Finance and Revenue 76<sup>th</sup> Session  
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March 10, 2011

Senator Ginny Burdick, Chair  
Finance and Revenue Committee

Dear Senator Burdick and Member of the Committee:

The Partnership to End Poverty, with a mission to find innovative solutions to poverty, would like to provide this written testimony in support of SB 349 which would eventually increase the state Earned Income Credit (EIC) to 18 percent.

The Partnership manages two Volunteer Income Tax Assistance sites in Central Oregon. We help hundreds of families file their state and federal taxes for free. Every day we see hard working families who are struggling to meet their bills and to survive. Those who qualify for the EIC are grateful for the chance to pay bills and to start a savings for future emergencies.

EIC, is an important financial boost for low and moderate-income working families. These refunds have a tremendous impact on families' financial circumstances, which we all know is critical right now. Research indicates that families spend the majority of their EIC refunds on basic needs like car repairs, food, clothing for their children, rent, and utility bills. As a result, the EIC helps stabilize families by shoring up their needs and helping them stay in the workforce and off welfare. In addition to helping families to meet their basic needs, the EITC is a real economic development tool, infusing federal and state dollars into local economies year after year.

Recently passed gas taxes, increases in food costs, vehicle fees and the like take a disproportionate amount out of the budgets of low and moderate-income families. Additionally, Oregon is one of a few states in the nation that tax individuals below the poverty rate. All this combines creates an atmosphere for struggling families that is simply cyclical. They can't get out of the situation due to forces beyond their control.

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The federal EIC is the nation's largest and most successful anti-poverty initiative. We applaud Oregon for having a state EIC. And yet, the Oregon EIC is one of the lowest in the nation. When it comes time that credits can be increased, we believe that an increase in the state EIC should be a priority. It not only will help stabilize families but build our economies through the spending of the credit in our local communities.

Please schedule a hearing on SB 349 and send it to the Senate Floor with a do pass recommendation. Thank you for your help with this important matter.

Sincerely,

Sarah Holtzclaw

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