

77TH OREGON LEGISLATIVE ASSEMBLY
2013 REGULAR SESSION
STAFF MEASURE SUMMARY
SENATE FINANCE AND REVENUE COMMITTEE

MEASURE: SB 326
CARRIER:

REVENUE: Revenue Impact Statement Issued
FISCAL: No Fiscal Impact

Action: Do Pass and Refer to Tax Credits by Prior Reference

Vote: 4-1-0

Yeas: George, Hass, Rosenbaum, Burdick

Nays: Boquist

Exc.: 0

Prepared By: Chris Allanach, Economist

Meeting Dates: 3/1; 4/3

WHAT THE BILL DOES: Extends the sunset date for the earned income tax credit from January 1, 2014 to January 1, 2020.

ISSUES DISCUSSED:

- Impact on working poor and poverty
- Impact on small businesses and local economy
- Policy option to increase the credit
- Interaction with minimum wage law

EFFECT OF COMMITTEE AMENDMENTS: No amendments

BACKGROUND: The Oregon Earned Income Tax Credit was created by the 1997 Legislature and was five percent of the federal credit. It was originally nonrefundable, which means that the credit could be used to reduce tax liability down to zero but any remaining credit amount would remain unused. The credit became refundable in 2006, meaning that any credit amount that remained after reducing tax liability to zero would be refunded to the taxpayer. It was increased to six percent in 2008. In tax year 2011, nearly 285,000 filers claimed and used \$32.8 million in tax credits.