

March 1, 2013

**Testimony before the Senate  
Committee on Finance and Revenue  
regarding [SB 326](#) and [SB 507](#)  
by Steve Buckstein**

Good afternoon, Chair Burdick and members of the Committee. My name is Steve Buckstein. I'm Senior Policy Analyst and founder of Cascade Policy Institute, a non-profit, non-partisan public policy research center based in Portland.

Cascade is supportive of any legislation that allows people to keep more of their own income, as these bills do. When the tax burden is diminished or eliminated, people are incentivized to work harder. This benefits both individual workers as well as the broader community.

However, if your goal is to help raise people out of poverty and lower unemployment, you should be aware that the EITC works at cross-purposes with the state's high minimum wage law, which punishes employers for trying to offer jobs to entry-level workers.

The contrast between the two approaches was quantified in a [study](#) published last year by economists Joseph Sabia and Robert Nielsen, which found a 1% reduction in state poverty rates associated with each 1% increase in a state's EITC. Yet, a [2007 study](#) by Mr. Sabia found that single mothers were made worse off by increases in the minimum wage: Their employment dropped by 6% for each 10% hike in the minimum wage.

I understand that you will consider SB 326 and SB 507 as stand-alone measures, while Oregon voters have said that they want a high minimum wage. But the two approaches are in conflict, and the committee would do well to address the punitive effects of minimum wage laws in the future.

Thank you.

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