

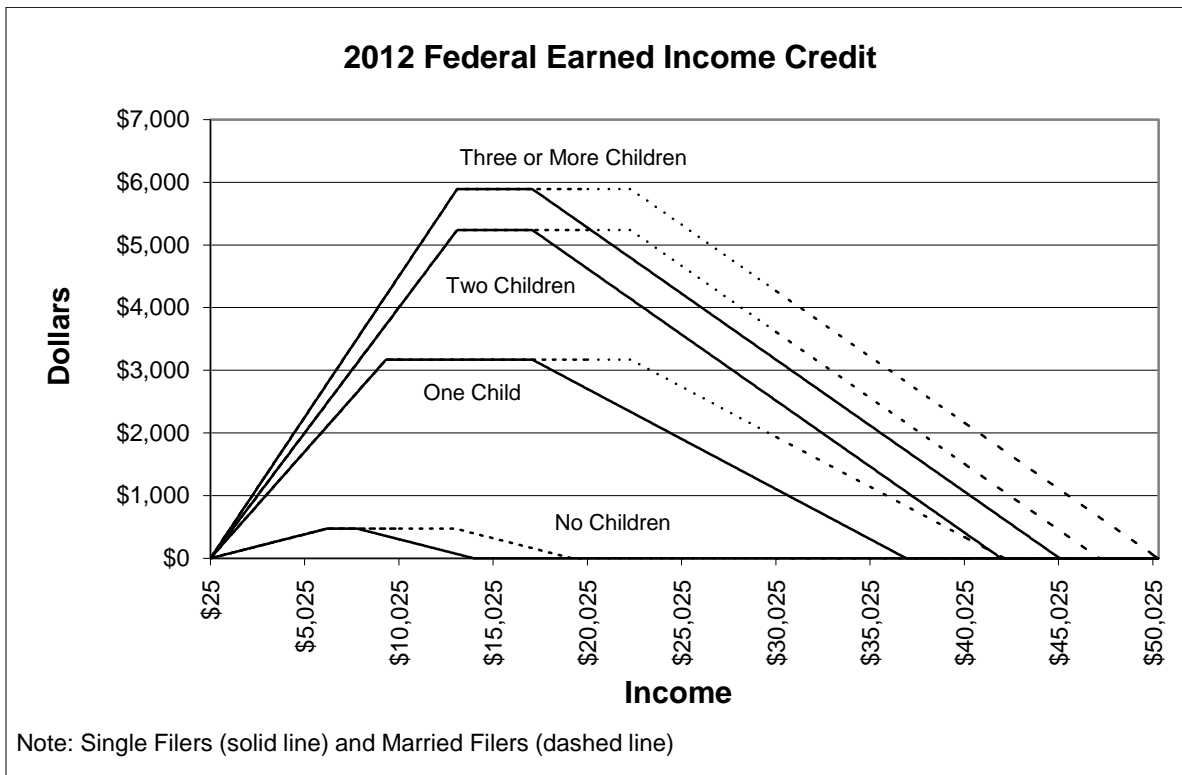
# The Federal and Oregon Earned Income Tax Credits

## Federal History

- 1975: Created with the Tax Reduction Act as a temporary refundable credit against social security taxes
- 1978: increased maximum credit, allowed advance payments, and created the plateau range
- 1986: the income limits and phase-outs are indexed to inflation
- 1990: adjusted for family size
- 1993: extended to taxpayers without children
- 2001: expanded the married phase-out range
- 2009: expanded the married phase-out range and increased credit for larger families

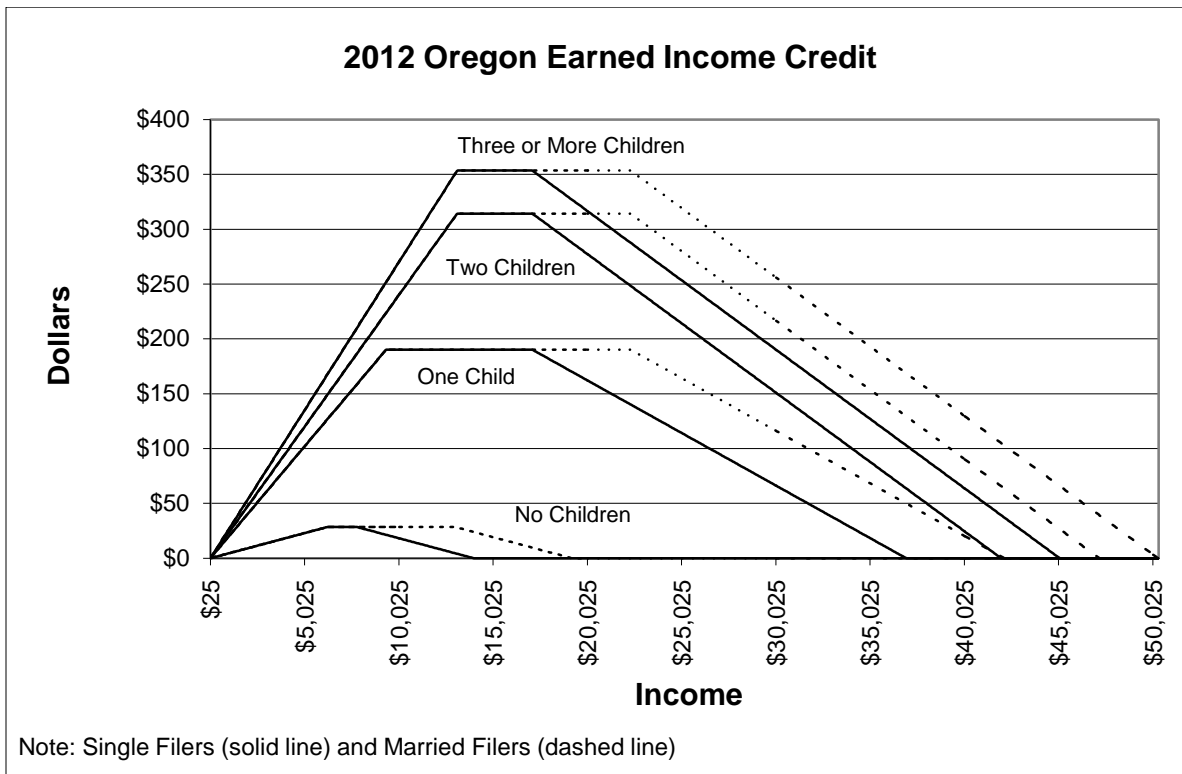
## Eligibility Criteria (tax year 2012)

- AGI and earned income must be less than specified amounts
  - \$45,060 (\$50,270 if married) with three or more qualifying children
  - \$41,952 (\$47,162 if married) with two qualifying children
  - \$36,920 (\$42,130 if married) with one qualifying child
  - \$13,980 (\$19,190 if married) with no qualifying children
- Earned income includes wages/salaries & tips that are taxable and net earnings from self-employment
- Investment income must be no more than \$3,200
- A qualifying child must meet relationship, age, and residency tests
- Maximum credit is as follows: \$475 (no children); \$3,169 (one child); \$5,236 (two children); \$5,891 (3+ children)



## Oregon History

- 1997: SB 388 created a nonrefundable credit equal to 5% of the federal credit
- 2006: became refundable
- 2008: increased to 6% of the federal credit
- Maximum credit is as follows: \$29 (no children); \$190 (one child); \$314 (two children); \$353 (3+ children)
- 2014: scheduled to sunset



## Estimated Revenue Impact of Reconnect and Extension

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Reconnect	\$6.3	\$6.5	\$6.7	\$6.9	\$7.1	\$3.2
SB 316 (6-yr extension)		\$29.4	\$30.4	\$31.3	\$32.3	\$33.3
<b>Total revenue impact</b>	<b>\$6.3</b>	<b>\$35.9</b>	<b>\$37.1</b>	<b>\$38.2</b>	<b>\$39.4</b>	<b>\$36.4</b>

	2013-15	2015-17	2017-19
Reconnect	\$12.8	\$13.6	\$10.3
SB 316 (6-yr extension)	\$29.4	\$61.6	\$65.5
<b>Total revenue impact</b>	<b>\$42.3</b>	<b>\$75.3</b>	<b>\$75.8</b>