

# Help 13,800 Oregonians in Working Families in House District 46: Extend and Improve the EITC

The Earned Income Tax Credit (EITC) increases opportunity and provides pathways out of poverty in every corner of Oregon. It is essential that lawmakers extend and improve Oregon's EITC, currently scheduled to sunset at the end of 2013. Without an extension, about 719,000 Oregonians in about a quarter million working families throughout the state will have less income to make ends meet.

Lawmakers should follow the Governor's lead in supporting an extension and an increase in the size of the credit.

## The Problems: Oregon's EITC is sunseting and it's too small

Many families in Oregon, including families with children, live in poverty despite the fact that they work and play by the rules. The current EITC helps about 250,000 of these working families make ends meet, but it doesn't go far enough. Oregon's credit is slated to end and it is too small.

## The policy solutions: Extend and improve Oregon's EITC

Oregon's EITC helps families who work meet basic needs. It helps families get off and stay off public assistance.

As Governor Kitzhaber proposed in his budget, Oregon should, at a minimum, extend the EITC beyond 2013 and expand it to 8 percent of the federal credit.

Further increasing the credit to 18 percent of the federal credit would strengthen the ability of Oregon's EITC to reduce poverty for working families with children — something that benefits all Oregonians.

| How EITC Changes Would Impact a Single Mother Earning Poverty Wages |  |   |
|---|--|---|
|   | Single mother working to support one child | Single mother working to support two children |
| Poverty Level Income  | \$15,130                                   | \$19,090                                      |
| Current Oregon EITC (6 percent)                                     | \$190                                      | \$290   |
| <b>Lost Income if Current EITC Sunsets</b>                          | <b>(\$190)</b>                             | <b>(\$290)</b>                                |
| Governor's Proposal to Improve Oregon's EITC (8 percent)            | \$253                                      | \$387   |
| <b>Governor's Proposed Increase from Current EITC</b>               | <b>\$63</b>                                | <b>\$97</b>                                   |
| Further Improve Oregon EITC (18 percent)                            | \$570                                      | \$870   |
| <b>Increase from Current with 18 Percent EITC</b>                   | <b>\$380</b>                               | <b>\$580</b>                                  |

Source: OCPP analysis of IRS Preview of 2012 EITC Income Limits.

## Get more information:

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## EITC Numbers in House District 46

Estimated number of households who claimed the federal EITC in 2010 in House District 46: **5,117\***

Estimated number of people in federal EITC households in House District 46 in 2010: **13,800\***

Estimated number of children in federal EITC households in House District 46 in 2010: **6,800\***

Total federal EITC dollars that flowed into House District 46 in 2010: **\$9.3 million\*\***

Estimated Oregon EITC dollars that flowed into House District 46 in 2010: **\$499,700\*\***

Estimated Oregon EITC dollars that would have flowed into House District 46 in 2010 under Governor Kitzhaber's proposed 8 percent EITC: **\$666,300\*\***

Estimated Oregon EITC dollars that would have flowed into House District 46 in 2010 at 18 percent of the federal credit: **\$1,499,100\*\***

\* Estimates of households, people and children are based on Brookings Institution and OCPP analysis of IRS data.

\*\*Dollar estimates are based on Brookings Institution and OCPP analysis of IRS data, assuming 90 percent of Oregon taxpayers who claimed the federal EITC also claimed the Oregon EITC.

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