

STAFF MEASURE SUMMARY

House Committee On Human Services and Housing

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

Action Date: 04/15/15

Action: Do Pass As Amended, Be Printed Engrossed, Rescind Subsequent Referral To Tax Credits, And Be Referred To Revenue.

Meeting Dates: 03/02, 04/13, 04/15

Vote:

Yeas: 9 - Buehler, Evans, Gallegos, Hayden, Keny-Guyer, Parrish, Piluso, Stark, Taylor

Prepared By: Robyn Johnson, Committee Administrator

WHAT THE MEASURE DOES:

Increases allowable earned income tax credit to 14 percent of federal credit for taxpayer with children under age two. Applies to tax years beginning January 1, 2016 – January 1, 2020. Takes effect 91st day following *sine die*.

ISSUES DISCUSSED:

- Low and moderate wage earners with young children
- Financial cost of parents choosing to stay home with very young children

EFFECT OF COMMITTEE AMENDMENT:

Increases allowable earned income credit to 14 percent of the federal credit for tax payers with children less than age two.

BACKGROUND:

The Earned Income Tax Credit (EITC or EIC) is a federal refundable tax credit program for people with low to moderate income who have dependent children who reside with the taxpayer. To receive the credit a taxpayer must have earned income from wages and file a tax return, even if taxes are not owed/owing/due. EITC may reduce the amount of tax owed and may result in a refund. Oregon has a state EITC that mirrors the federal credit, which is currently refundable at eight percent of the federal credit one receives. The credit primarily serves people with children, though there are criteria that may be met by taxpayers without a qualifying child. EITC has special rules for members of the military, members of the clergy, and taxpayers with certain types of disability income or children with disabilities.

House Bill 2068-A increases the EITC to 14 percent of the federal credit for taxpayers with children under age two.