

**Testimony in Support of HB 4144**

**by Tyler Mac Innis, Policy Analyst  
before the  
House Committee on Human Services and Housing**

**February 3, 2016**

Chair Keny-Guyer and members of the Committee,

I am here today in support of the effort to boost Oregon's Earned Income Tax Credit participation rate. The Center believes HB 4144 provides the right framework to ensuring more Oregon working families eligible for the EITC know about the credit and claim it.

**Too many eligible Oregon families are not claiming the EITC**

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The Earned Income Tax Credit (EITC) helps hundreds of thousands of low-income Oregon families make ends meet each year. Today, it is one of the strongest tools for helping working families lift themselves out of poverty and toward self-sufficiency. Moreover, research shows that children in families receiving the EITC are healthier, perform better in school and have higher earnings as adults.<sup>1</sup>

Sadly, Oregon ranks last among all states in the share of families that are eligible for the EITC that claim it.<sup>2</sup> The IRS estimates that about only 73 percent of eligible working families claimed the credit in 2012, the year with the most recent data. In 2012, the Center estimates Oregon workers not claiming the federal EITC collectively left \$124 million on the table.<sup>3</sup>

**HB 4144 can take much-needed steps to improve Oregon's EITC participation rate**

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The Center is supportive of the framework provided by HB 4144. However, we would urge the committee to consider the changes outlined below.

There is currently no agency in charge of promoting the EITC and other working family credits. The Center believes the Department of Human Services (DHS) is best-suited for that role. DHS should ultimately be responsible for increasing participation and should be given the authority to direct other state agencies to assist in that effort.

To see that Oregon's EITC participation rate rises, HB 4144 should instruct DHS to convene a stakeholder task force comprised of representatives from the Department of Human Services, Governor's office, Department of Administrative Services, Department of Revenue, Oregon Health Authority, Oregon Housing and Community Services, Oregon Department of Education, Oregon Employment Department, Business Oregon, and nonprofit organizations serving low-income Oregonians and with expertise in working family tax credits.

In an annual report to the Legislature, that task force should report in detail what has been done for EITC and other working family tax credit outreach in Oregon, the results of outreach efforts by region, and recommendations for further outreach and marketing of the credits.

To be the lead agency and accomplish this work with the task force, the agency needs funds. Those should either be appropriated to the agency or redirected from within the agency. No matter where the funding comes from, the funds must be specified and adequate to ensure the job is taken seriously and done well.

The Center supports Section 2 (1) of the bill, which instructs the Department of Revenue to improve its marketing of the EITC by promoting the credit on Earned Income Tax Credit Awareness Day each January and by making available information about the credit and free tax preparation services no more than one click from the agency's homepage. The task force plan for outreach hopefully will include getting a prominent link to the DOR EITC page made prominent on a variety of agencies' webpages.

Finally, while the Center is supportive of efforts to bolster consumer protections around tax preparation services, we believe the issue of capping the cost of tax preparation should be dealt with by the Legislature separately as part of a look at not just the costs of preparing returns for low-income households, but also the schemes used to collect them.

Thank you for considering this proposal. I urge your support of HB 4144 with the suggested changes.

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<sup>1</sup> Center on Budget and Policy Priorities, *EITC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children's Development, Research Finds*, October 1, 2015, available at <http://www.cbpp.org/research/federal-tax/eitc-and-child-tax-credit-promote-work-reduce-poverty-and-support-childrens?fa=view&id=3793>.

<sup>2</sup> Oregon Center for Public Policy, *Last in EITC Participation: Oregon Leaves Millions on the Table*, November 5, 2015, available at <http://www.ocpp.org/2015/11/05/fs20151105-oregon-eitc-participation/>.

<sup>3</sup> Oregon Center for Public Policy, *Last in EITC Participation: Oregon Leaves Millions on the Table*.