

Testimony in Support of HB 4110-A

**by Tyler Mac Innis, Policy Analyst
before the Senate Committee on Finance and Revenue**

February 24, 2016

Chair Hass and members of the Committee,

The Oregon Center for Public Policy urges your support of HB 4110-A, which provides a modest, but important boost in the Oregon Earned Income Tax Credit (EITC) for families with young children. The Center has long been a supporter of the Oregon EITC and believes HB 4110-A would provide needed support for working families with young children struggling to get by.

The EITC is a proven anti-poverty tool that improves outcomes for children

The EITC provides tax relief to working families to help them meet their basic needs. Currently, Oregonians eligible for the federal EITC can claim eight percent of their federal EITC as a refundable credit against their Oregon tax liability. HB 4110-A would boost the Oregon EITC to eleven percent of the federal credit for families with children under the age of three.

When combined with other tax credits like the federal Child Tax Credit (CTC) or the Oregon Working Family Child and Dependent Care Credit, these working family tax credits are some of the most powerful tools to lift Oregonians out of poverty and towards self-sufficiency. For example, the federal EITC and CTC combined were responsible for lifting out of poverty an average of 129,000 Oregonians, 65,000 of which were children, each year between 2011 and 2013.¹

Moreover, the EITC can help improve outcomes for low-income children. Compared to low-income children not receiving the credit, research has shown children in families receiving the EITC and other working family credits have improved outcomes in school, are more likely to attend college and have higher earnings as adults.²

HB 4110-A deserves your support

HB 4110-A would provide needed support for young working families and help improve opportunities for Oregon children. The Center urges your support for HB 4110-A.

¹ Center on Budget and Policy Priorities, *Oregon Fact Sheet: Tax Credits Promote Work and Fight Poverty*, January 28, 2016, available at <http://apps.cbpp.org/3-5-14tax/?state=OR>.

² 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>.