

HB 4110

From the Desk of
Rep. Jeff Reardon

A Brighter Future for Oregon's Newest Generation - Yes on HB 4110

Boost the Earned Income Tax Credit (EITC) for Families with Young Children

A healthy, happy early childhood is the foundation for success in life.

This proposal (HB 4110) emerged due to a wide body of research showing that kids in low-wage working families face a multitude of stresses that have long-term consequences. When working parents are worried about whether there's enough money in the budget to cover a rent increase, or to repair a car that needs fixing, these cumulative family stresses can have a profound impact on a young child's brain development and long-term health outcomes. This is particularly true for a child's "first thousand days" of development.

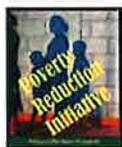
What does HB 4110 do?

- HB 4110 is a bipartisan effort that increases Oregon's EITC match for families with children under the age of three to 11%. Oregon will continue to match the federal EITC at 8% for all other eligible working households.
- For new parents, this raise is modest, yet significant. A working family with an infant or a toddler could see up to a \$187 increase in their credit. That increase can help a family with some of the unique expenses of early childhood: diapers, a car seat, a safe crib, baby clothes, books, or child care payments.
- Oregon would be the first state in the nation to address disparities in early child development by expanding the EITC for families with young children.

What is the Earned Income Tax Credit?

- The EITC is one of the most effective anti-poverty programs in America. Combined with the Child Tax Credit, it lifts 129,000 Oregonians out of poverty.
- It supports low-income working families by boosting earnings on a sliding scale, based on the size and makeup of a family. It phases out, so there is no "cliff effect."
- The long-term benefits of the EITC are well-documented. Kids who are in families that receive the EITC perform better on tests¹, leading to significantly higher earnings and employment rates when kids become adults².
- It's bipartisan. Presidents ranging from Reagan, to Clinton, to Bush (41 and 43), to Obama have all supported the EITC.

Let's give a brighter future for Oregon's newest generation.
We urge support of HB 4110.



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¹ Gordon Dahl and Lance Lochner, "The Impact of Family Income on Child Achievement: Evidence from the Earned Income Tax Credit," *American Economic Review* 102, no. 5 (2012): 1927-1956.

² Raj Chetty, John N. Friedman, and Jonah Rockoff, "New Evidence on the Long-Term Impacts of Tax Credits," *Statistics of Income Paper Series*, Internal Revenue Service, November 2011.