

## Oregon Business Council Poverty Task Force Testimony in support of SB 398



We would like to thank Senator Steiner-Hayward for inviting us to testify today. My name is Jess Daly. I work on the Oregon Business Council's Poverty Task Force. Today I have been asked to speak on behalf of our task force chair, Dave Underiner, Chief Executive of Providence Health & Services for Oregon. We are pleased to come before the committee today to advocate for the EITC employee notification bill, SB 398. This is a very simple bill that will help thousands of low-income Oregonians and we strongly support it.

The Federal Earned Income Tax Credit is the largest self-sufficiency program in the U.S. In 2013, nearly 300,000 Oregonians benefited from the federal credit, bringing over \$580 million federal dollars into local economies. However, less than three quarters of Oregonians eligible for the credit are claiming it, leaving an estimated **\$130 million dollars unclaimed**.<sup>1</sup>

- Information from the Brookings Institute shows that EITC dollars are generally spent in the local region on immediate needs like child care, car insurance, food, and health care. The city of San Antonio estimated that **\$1 from the EITC returns \$1.58 in local economic activity**.<sup>2</sup>
- Studies at both the National Bureau of Economic Research and The Economic Policy Institute have shown that **EITC lifts over half the children whose families receive the credit out of poverty**.<sup>3,4</sup>
- Oregon has yet to return to pre-recession poverty levels. This legislation is especially important in a state where over 600,000 people are living in poverty, including one in five children.<sup>5</sup> **The child care credit combined with EITC lifted an estimated 65,000 of Oregon's children above the poverty line between 2011 and 2013**.<sup>1</sup>
- The uncertainty of federal funding for state programs increases the urgency to capture these federal dollars.

Oregon has ranked near the bottom in EITC utilization for a number of years. The Business Council's poverty task force worked to expand utilization last tax season and is actively working with CashOregon and local utility providers to increase awareness of the credit—and how to file for it—this year. Under claiming is the result of a variety of awareness issues including the rural urban divide, language barriers, and education of the credit. **This little bill greatly simplifies a complex process of education and awareness that needs to take place state-wide. This bill has the potential to help thousands of Oregonians, and we are happy to show our strong support. Thanks to the committee for your time today.**

<sup>1</sup> Oregon Center for Public Policy. "Oregon's Low EITC Participation Leaves Over \$100 Million Unclaimed." EITC Fact Sheet. January 24, 2017. Accessed February 17, 2017. [http://www.ocpp.org/media/uploads/pdf/2017/02/fs20170124-eitc-participation\\_fnl.pdf](http://www.ocpp.org/media/uploads/pdf/2017/02/fs20170124-eitc-participation_fnl.pdf).

<sup>2</sup> Berube, A. (2007, July 13). The Importance of the EITC to Urban Economies (Issue brief). Retrieved [http://www.brookings.edu.proxy.lib.pdx.edu/~media/research/files/speeches/2007/7/13childrenfamilies-berube/20070713\\_berube.pdf](http://www.brookings.edu.proxy.lib.pdx.edu/~media/research/files/speeches/2007/7/13childrenfamilies-berube/20070713_berube.pdf)

<sup>3</sup> Hoynes, H., & Patel, A. J. (2015). Effective Policy for Reducing Inequality? The Earned Income Tax Credit and the Distribution of Income. National Bureau of Economic Research, No. 21340(July). doi:10.3386/w21340

<sup>4</sup> Hungerford, T. L., & Thiess, R. (2013s, September 25). The Earned Income Tax Credit and the Child Tax Credit History, Purpose, Goals, and Effectiveness (Rep. No. Report | Budget, Taxes, and Public Investment). Retrieved November 30, 2015, from Economic Policy Institute website: <http://www.epi.org/publication/ib370-earned-income-tax-credit-and-the-child-tax-credit-history-purpose-goals-and-effectiveness/>

<sup>5</sup> Oregon Center for Public Policy. "Oregon Poverty and Income Improve; Still Worse than before Recession." OCPP. September 15, 2016. Accessed February 17, 2017. <http://www.ocpp.org/2016/09/15/nr20160915-poverty-income-oregon-census/>.