

SB 398 STAFF MEASURE SUMMARY

Senate Committee On Workforce

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Meeting Dates: 3/8

WHAT THE MEASURE DOES:

Requires employers to include notice in employee pay stubs that recipient may be entitled to earned income tax credit under federal tax laws and to provide Internet address and telephone number for further information.

Requires Department of Revenue, Bureau of Labor and Industries (BOLI), and Employment Department to adopt rules to increase employee awareness of earned income tax credit.

Requires employers to post summaries of administrative rules. Requires BOLI to make summaries of rules and, upon request, complete text of rules available to employers without charge.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

BACKGROUND:

The Earned Income Tax Credit (EITC) is a federal tax benefit for working people with low to moderate income. Taxpayers eligible for the EITC may claim an Oregon credit equal to eight percent of the federal credit. As of January 2017, the Oregon credit is 11 percent of the EITC for taxpayers with a dependent child under the age of three. According to the Internal Revenue Service (IRS), EITC is one of the largest antipoverty programs, lifting 9.4 million people out of poverty in 2013, for example.

For the 2016 Tax Year, workers whose incomes were below the following limits may be eligible for the EITC:

- \$47,955 (\$53,505 married filing jointly) with three or more qualifying children
- \$44,648 (\$50,198 married filing jointly) with two qualifying children
- \$39,296 (\$44,846 married filing jointly) with one qualifying child
- \$14,880 (\$20,430 married filing jointly) with no qualifying children

In 2016, Oregonians submitted 274,000 EITC claims and received a total of \$586 million in credits. The average EITC for Oregon taxpayers was \$2,136. In 2013, the most recent year of available statistics, Oregon's participation in the EITC was 74.4%, while the national EITC participation rate was 80 percent.

Senate Bill 398 requires employers to provide information on employee pay statements to notify employees that they may be eligible for the EITC, and requires the Department of Revenue and the Bureau of Labor and Industries to adopt rules to increase employee awareness of the EITC.