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Hunger-Free Oregon

Ending hunger before it begins.

To: House Committee on Revenue
From: Matt Newell-Ching, Public Affairs Director
Subject: Statement on HB 3141
Date: March 22, 2017

The Earned Income Tax Credit (EITC) is one of the most successful anti-poverty programs in the United States. **Along with the Child Tax Credit, the EITC lifts 129,000 Oregon households out of poverty every year.**

For families that currently receive the EITC, this is good news. The bad news is that **Oregon's EITC participation rate is the third-lowest in the nation, at 74 percent¹.** That means about 88,000 working families in Oregon did not claim the credit. A conservative estimate puts the loss to Oregon at \$130 million in unclaimed credits left on the table.

We applaud the intent of this bill, which aims to increase Oregon's EITC participation rate. **We have two primary concerns with HB 3141 that we hope can be addressed:**

1. As drafted, the bill would authorize the Department of Revenue (DoR) to divulge personal information about potentially-eligible but non-claiming households to a new category of nonprofits that the bill creates. **We believe DoR should conduct outreach directly to these individuals and households to bring awareness of free tax filing options.** We do **not** think it is appropriate for DoR to provide this information to third parties. It would raise significant privacy concerns, and potentially open the door to bad actors that could use this information for exploitative or predatory purposes.
2. **We do not see the need to create a new set of organizations that would be financed by tax credits that low-income working households have earned.** Oregon should focus its energy and resources on strengthening the existing network of access points for free tax filing, such as Volunteer Income Tax Assistance Program (VITA) and Free File software (available to households with income below \$64,000). Inasmuch as DoR (and other state agencies that administer means-tested programs) can identify potentially-eligible filers and promote these credits, they should promote existing tax filing options. Moreover, we think it is unwise to set a precedent of financing new outreach efforts using credits earned by low-income working households.

¹ *Oregon's Low EITC Participation Leaves over \$100 million unclaimed*; Oregon Center for Public Policy, January 24, 2017. <http://www.ocpp.org/2017/01/24/fs20170124-oregon-eitc-participation-use-rate/>