

**Oregon Business Council Poverty Task Force**  
**Testimony in support of SB 398**  
House Committee on Business and Labor



We would like to thank Senator Steiner-Hayward for inviting us to testify today. SB 398 is a simple bill that will help low-income Oregonians and we strongly support it. The Oregon Business Council's Poverty Task Force has a goal of helping to reduce poverty in Oregon to below 10% by 2020. The latest tax information shows that, nearly 300,000 Oregonians benefited from the federal Earned Income Tax Credit (EITC), bringing over **\$580 million federal dollars into local economies.**

Unfortunately, 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. A study conducted in the city of San Antonio estimated that **\$1 from the EITC returns \$1.58 in local economic activity**<sup>2</sup> **The Federal credit brought over \$584 million dollars into Oregon, resulting in an estimated \$922 million in local economic activity.**<sup>2</sup>

Oregon has yet to return to pre-recession poverty levels. 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> This bill is especially important in a state where **one in five children are among the 600,000 people are living in poverty.**<sup>5</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. Under claiming is the result of a variety of awareness issues including the rural urban divide, language barriers, and education of the credit. **This bill provides an important way to communicate the potential availability of the credit to people state-wide. This bill can help thousands of Oregonians, and grow our economy. We are happy to show our strong support.**

**Thanks to the committee for your time today.**

Dave Underriner, Chief Executive, Providence Health and Services - Oregon

Beverly Stein- National Policy Consensus Center

Judith A. McGee- CEO, McGee Wealth Management, Inc.

Ken Thrasher- Compli, College Possible

Randy Miller- Produce Row LLC

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<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/>.