

## **SB 398 STAFF MEASURE SUMMARY**

### **House Committee On Business and Labor**

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**Meeting Dates:** 5/1

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#### **WHAT THE MEASURE DOES:**

Requires Labor Commissioner to adopt rules requiring employers to provide annual, written notice to employees about earned income tax credits, including website addresses for Internal Revenue Service and Department of Revenue. Specifies notice to be provided in English and employee's primary language with employee's federal form W-2. Requires Bureau of Labor and Industries to provide notice to employees in state minimum wage posters about earned income tax credits. Requires Employment Department to provide information to unemployment insurance benefits recipients about earned income tax credits.

- Minimal expenditure and revenue impacts
- Senate vote: 19-9

#### **ISSUES DISCUSSED:**

#### **EFFECT OF AMENDMENT:**

No 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 percent, while the national EITC participation rate was 80 percent.

Senate Bill 398-A requires the Bureau of Labor and Industries (BOLI) and Employment Department (ED) to increase employee awareness about the availability of earned income tax credits. Specifically, it requires BOLI to provide notice to employees in state minimum wage posters and to adopt rules requiring employers to provide annual, written notice to employees in the employee's federal form W-2. It requires the ED to inform unemployment insurance benefit recipients about EITCs.