

FROM THE DESK OF
REP. ALISSA KENY-GUYER

Yes on SB 398A

Help capture federal dollars for local economies



SB 398- A Simple Notification to Oregon's Workers About the Earned Income Tax Credit

SB 398 provides an important but simple way to tell Oregonians that they may qualify for the Earned Income Tax Credit (EITC). The notice accompanies an employees' yearly wage statement. Nearly 300,000 Oregonians benefit from the EITC, bringing over \$580 million federal dollars into local economies.

- **In Oregon 1 in 4 eligible workers are not claiming the EITC.**¹ Oregon has consistently ranked last or close to it in EITC utilization, in 2014 our workers left over 130 Million federal dollars on the table!²

What SB 398 does:

- Notifies hard working Oregonians of the EITC with a simple and clear message with their yearly wage statement.
- Adds EITC info to the BOLI minimum wage workplace posters
- Alerts worker to low-income IRS resources like free e-file and IRS volunteer tax prep site

Why we need it:

- **1 in 4 eligible workers are not claiming the EITC.** In 2014 workers left over 130 Million federal dollars on the table!
- Under claiming results from a variety of awareness issues.
- EITC combined with the Child Tax Credit lifts 129,000 Oregonians out of poverty.

- The EITC is our nation's most effective self-sufficiency program—and it's Bi-Partisan. Presidents ranging from Reagan, to Clinton, to Bush (41 and 43), to Obama have all supported the EITC.

⌘ EITC dollars are spent in the local region on immediate needs. \$1 from the EITC returns \$1.58 in local economic activity³ The Federal credit created an estimated \$922 million dollars in local economic activity in Oregon.²

The Long-Term Benefits of the EITC are Well-Documented

Kids in families that receive the EITC perform better on tests,⁴ leading to significantly higher earnings and employment rates when kids become adults.⁵

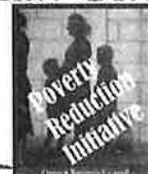
Studies at the National Bureau of Economic Research and the Economic Policy Institute show EITC lifts over half the children whose families receive the credit out of poverty.^{6,7}

Especially important in a state where 1 in 5 children are among the 600,000 people living in poverty,⁸ and 45% of Oregon's school children live in low-income households.⁹

Last session, Oregon became the 1st state in the nation to address disparities in early child development by expanding the EITC for families with young children.²

Oregonians deserve to know about the EITC

We Urge you to Support SB398



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- ¹ Internal Revenue Service. EITC Participation Rate by States. 2017. Accessed May 20, 2017.
<https://www.citc.irs.gov/EITC-Central/Participation-Rate>.
 - ² Oregon Center for Public Policy. *Fact Sheet: Oregon's Low EITC Participation Leaves Over \$100 Million Unclaimed*, January 24, 2017. Accessed May 20, 2017.
https://www.ocpp.org/media/uploads/pdf/2017/02/fs20170124-citc-participation_fnl.pdf.
 - ³ 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
 - ⁴ Gordon Dahl and Lance Lochner, "The Impact of Family Income on Child Achievement: Evidence from the Earned Income Tax Credit," *American Economic Review* 102, no. 5 (2012): 1927–1956.
 - ⁵ Raj Chetty, John N. Friedman, and Jonah Rockoff, "New Evidence on the Long-Term Impacts of Tax Credits," *Statistics of Income Paper Series*, Internal Revenue Service, November 2011.
 - ⁶ Hoynes, H., & Patel, A. J. (2015). Ineffective 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
 - ⁷ 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/>
 - ⁸ 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/>.
 - ⁹ Oregon Department of Education. Oregon Statewide Report Card 2014-2015.
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