

SB 398 B STAFF MEASURE SUMMARY

Carrier: Rep. Keny-Guyer

House Committee On Business and Labor

Action Date: 05/17/17

Action: Do pass with amendments to the A-Eng bill. (Printed B-Eng.)

Vote: 9-0-0-0

Yeas: 9 - Barreto, Bynum, Doherty, Evans, Fahey, Hack, Heard, Holvey, Kennemer

Fiscal: Has minimal fiscal impact

Revenue: Has minimal revenue impact

Prepared By: Jan Nordlund, LPRO Analyst

WHAT THE MEASURE DOES:

Requires Labor Commissioner to adopt rules requiring employers to provide annual, written notice to employees about earned income tax credit (EITC). Specifies notice be provided in English and language employer typically uses to communicate with employee. Requires Bureau of Labor and Industries (BOLI) to provide notice to employees in state minimum wage posters about EITC. Requires Employment Department to provide information about EITC to unemployment insurance benefits recipients.

ISSUES DISCUSSED:

- Effectiveness of EITC in alleviating poverty
- Which language, besides English, the notice should be written in
- How Employment Department would provide information regarding EITC
- Whether tax return forms and instructions are in languages other than English
- Percentage of workers who are eligible but do not claim the EITC
- Importance of involving business representatives in rulemaking
- Clarification that unemployment insurance benefits are not considered earned income

EFFECT OF AMENDMENT:

Requires BOLI to collaborate with business representatives in rulemaking. Requires employer's notice to employee be in language the employer typically uses to communicate with the employee.

BACKGROUND:

The earned income tax credit (EITC) is a federal tax benefit for working people with low to moderate income. Eligible taxpayers may claim an Oregon credit equal to eight percent of the federal credit. 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 , the EITC is one of the largest antipoverty programs, lifting 9.4 million people out of poverty in 2013.

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 \$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.

This Summary has not been adopted or officially endorsed by action of the committee.

SB 398 B STAFF MEASURE SUMMARY

Senate Bill 398-B requires the Bureau of Labor and Industries (BOLI) and Employment Department 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 with the employee's federal form W-2. It requires the Employment Department to inform unemployment insurance benefit recipients about the credit.