

February 27, 2019

Re: HB 2139 -1 – Renew and Raise EITC

Chair Keny-Guyer and Representatives,

Children First for Oregon represents the interests of Oregon's almost 880,000 children and believes that together, with communities and leaders across the state, we can build a state where all children thrive.

The federal Earned Income Tax Credit (EITC) rewards families for work and is one of the most cost effective means for helping working families reduce the adverse effects of poverty. The benefit varies according to the number of children and if filing jointly or separately. For example, in 2018, the maximum refundable credit for a single mother with two children was \$5,700. This is if she was making between \$14,300 and \$18,600 per year. As the parent earns more money, they keep 16% to 21% of their wages as the credit decreases. Note that there is little evidence that EITC inhibits people from working more hours.¹ These funds are incredibly helpful for a working parent struggling to meet housing, child care, food, and other expenses.

Recognizing both the benefits of EITC and the needs of the working poor, Oregon started its own EITC credit in 1997 as a percentage of the federal credit. There have been improvements over the years, with the last coming in 2016 with the passage of HB 4011 by a cumulative vote of 83-5. Oregon now has a refundable EITC of 8% of the federal level and 11% for parents with children younger than three.

Children First for Oregon asks for your support to increase EITC, because it is a smart investment for Oregon's children. CDC researchers have shown that a refundable EITC reduces abusive head trauma among children younger than two.² Increased EITC income reduces low birth weight rates, with greater affects among African American women.³ These benefits and others help the families and reduce costs for the state. We believe all parents who file taxes should be eligible for the Oregon credit.

Children First for Oregon urges your support for legislation that matches HB 2139 with the -1 amendment.

James Barta

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¹ Meyer, Bruce D. 2002. "[Labor Supply at the Extensive and Intensive Margins: The EITC, Welfare, and Hours Worked.](#)" *American Economic Review* 92 (2): 373–79.

² Joanne Klevens, Brian Schmidt, Feijun Luo, Effect of the Earned Income Tax Credit on Hospital Admissions for Pediatric Abusive Head Trauma, 1995-2013, Public Health Reports, July 13, 2017, available at <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5507428/>.

³ Hilary W Hoynes, Douglas L. Miller, David Simon, Income, The Earned Income Tax Credit, and Infant Health, NBER Working Paper No. 18206, July 2012, available at <https://www.nber.org/papers/w18206.pdf>.

Together we can build an Oregon where all children thrive.