



**TESTIMONY IN SUPPORT OF HB 3028
HOUSE HUMAN SERVICES AND HOUSING COMMITTEE
SUBMITTED BY PHILLIP KENNEDY-WONG
MARCH 27, 2019**

Oregon Food Bank supports HB 3028. The earned income state credit is one of the most effective tools to help families escape poverty.

Oregon may have historic low-unemployment but the high cost of living have kept many from realizing the economic benefits. Far too many still struggle to make ends meet, afford a home, or save for the future. A recent report by Eco Northwest stated that 156,000 Oregonians pay more than half of their monthly income toward housing, meaning these individuals are great risk to homelessness if a financial crisis should occurⁱ.

The rate of household food insecurity is 12.9 percent in Oregon, an estimated 212,205 households or 526,640 individualsⁱⁱ. The current rate is the first statistically significantly decline in years in food insecurity in Oregon. However if hunger were the influenza, it would be called a public health risk with all the attendant public responses necessary to contain its spread. A full-time job used to be sufficient to ward off the risks of poverty. We need a public response to hunger. We need to raise and renew the earned income tax credit.

There is no better time than now to raise and renew the earned income tax credit when Oregon has record employment, meaning many would benefit. The earned income tax credit would be a tremendous boost to the financial future of the many Oregonians that are working but not earning enough to cover all their living expenses. A larger tax refund at the end of the year can be especially helpful

About 900,000 Oregonians would benefit from HB 3028. The bill's provisions include populations not covered by the federal earned income tax credit, helping those that work and file taxes with an Individual Taxpayer Identification Number. By raising the refundable state earned income tax credit to 20 percent for individuals and 25 percent for households with children three years and younger, we can reduce the overall poverty rate by 10 percent; the child poverty rate by 16 percent.ⁱⁱⁱ

The average federal credit for Oregon households with children is \$2,900.^{iv} Under HB 3028, a qualified family with children under three years of age would receive a state tax refund that is 25 percent of the federal amount. Using the federal average, that would be a \$725 state tax refund for that family. That's not an insignificant amount.

Help us end hunger before it starts. We appreciate your thoughtful consideration. Thank you.

ⁱ ECONorthwest, Homelessness in Oregon March 2019

ⁱⁱ Feeding America, Map the Meal Gap

ⁱⁱⁱ Bruce D. Meyer, "The Effects of the Earned Income Tax Credit and Recent Reforms." Chapter 5, Tax Policy and the Economy, National Bureau of Economic Research, August 2010, Vol. 24, p. 159.

^{iv} Data on use of the federal EITC in Oregon for tax year 2016 sent to Oregon Center for Public Policy by Mark Beilby, Oregon Dept. of Revenue, November 14, 2018.

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