



RENEW & RAISE

O R E G O N

HB 3028 makes the Oregon EITC work better for working families

Boosting Oregon's EITC Provides a Great Return on Investment

Increasing the Oregon Earned Income Tax Credit (EITC), as HB 3028 proposes, not only helps struggling working families, but also has large, long-term benefits for the state.

The EITC boosts living standards of struggling families

- The average federal credit for Oregon households with children is \$2,900.¹
- The credit reduces the overall poverty rate by at least 10 percent; the child poverty rate by 16 percent.²

The EITC incentivizes work

- In the 1990s, the credit increased employment among single mothers by 6 to 7%.³
- A \$1,000 increase in the EITC leads to a 7.3 percentage point increase in employment.⁴
- Workers with less education see the greatest increases in employment.⁵

The EITC helps children succeed

- It improves birth outcomes — fewer low-weight births, especially for Black mothers.⁶
- It helps prevent child abuse.⁷
- Children perform better in school, and are more likely to finish high school and attend college.⁸
- Children earn more as adults: a \$3,000 yearly tax benefit results in 17% higher earnings when the child becomes an adult.⁹

The EITC reduces state costs and generates additional revenue

- An EITC boost of \$350 results in an average decrease of \$128 in state TANF costs.¹⁰
- It reduces criminal justice costs — for example, it results in an 11% lower recidivism among women.¹¹
- It increases taxes paid by businesses and their employees through induced economic effects.¹²

The EITC supports the economy

- The federal EITC brings in more than \$612 million per year to Oregon.¹³
- Rural legislative districts disproportionately benefit from the EITC.¹⁴
- It induces \$1.40 to \$1.58 in economic activity for every \$1 spent on the EITC.¹⁵

Endnotes

- ¹ Data on use of the federal EITC in Oregon for tax year 2016 sent to OCPP by Mark Beilby, Oregon Department of Revenue, November 14, 2018.
- ² 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, available at <https://www.nber.org/chapters/c11973.pdf>. Also, Hilary W. Hoynes, Ankur J. Patel, *Effective Policy for Reducing Inequality? The Earned Income Tax Credit and the Distribution of Income*, NBER Working Paper No. 21340, July 2015, pp. 22-28, available at <https://www.nber.org/papers/w21340.pdf>.
- ³ Jacob Bastian, *The Rise of Working Mothers and the 1975 Earned Income Tax Credit*, University of Michigan, April 2016, available at <https://www.sole-jole.org/16385.pdf>. Also, Jeffrey Grogger, "The Effects of Time Limits and Other Policy Changes on Welfare Use, Work, and Income Among Female-Headed Families," Working Paper, NBER, March 2001, pp. 18-19, available at <https://www.nber.org/papers/w8153.pdf>.
- ⁴ Reference group is single mothers, 1984-1999. Op. Cit., Hilary W. Hoynes, Ankur J. Patel, 2015.
- ⁵ Jacob E. Bastian, Maggie R. Jones, *Do EITC Expansions Pay for Themselves? Effects on Tax Revenue and Public Assistance Spending*, University of Chicago, December 19, 2018, p. 12-13, available at <https://drive.google.com/file/d/1GbBeeQzfGH9ff9Y1u5rS55Sn3eStBWE7/view>.
- ⁶ An increase in EITC of \$1,000 is associated with 6.7 to 10.8 percent reduction in the rate of low births, with larger impacts for African American mothers. 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>.
- ⁷ Refundable EITC associated with a decrease of 3.1 abusive head trauma admissions per 100,000 population in young children. 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/>.
- ⁸ "An increase in the maximum EITC of \$1,000 significantly increases math achievement by about 0.072 nationally normed standard deviations[,] also increases the probability of graduating high school or receiving a GED at age 19 by about 2.1 percentage points and increases the probability of completing one or more years of college by age 19 by about 1.4 percentage points. Michelle Maxfield, *The Effects of the Earned Income Tax Credit on Child Achievement and Long-term Educational Attainment*, Michigan State University Job Market Paper, November 14, 2013, available at <https://msu.edu/~maxfiel7/20131114%20Maxfield%20EITC%20Child%20Education.pdf>. Also, Dayannand S. Manoli, Nicholas Turner, *Cash-on-hand and College Enrollment: Evidence From Population Tax Data and Policy Nonlinearities*, NBER Working Paper No. 19836, January 2014, available at <https://www.nber.org/papers/w19836.pdf>. Also, Jacob Bastian, Katherine Michelmore, *The Long-Term Impact of the Earned Income Tax Credit on Children's Education and Employment Outcomes*, Journal of Labor Economics, 2018, Vol. 36, No. 4, available at https://drive.google.com/file/d/0B4jTC3zaouX_WI9RaU95cHJpZE0/view.
- ⁹ "The paper says 19 percent, but our calculations, confirmed by one of the authors, show that this is a typographical error and 17 percent is correct," according to Center on Budget and Policy Priorities, in reference to Greg J. Duncan, Kathleen M. Ziol-Guest, Ariel Kalil, *Early-Childhood Poverty and Adult Attainment, Behavior, and Health*, Child Development, Vol. 81, No.1 January/February 2010, pp. 306-325, available at https://www.jstor.org/stable/40598980?seq=1#page_scan_tab_contents.
- ¹⁰ A \$1,000 increase in the maximum federal EITC results in a \$350 increase in the average EITC credit and reduction of \$127.80 in state welfare costs in states that have ever had a state EITC. Op. Cit., Jacob E. Bastian, Maggie R. Jones, 2018, pp. 17, 42.
- ¹¹ States instituting an EITC have 11% lower recidivism rates among women, who tend to have dependent children and higher refunds than men. Amanda & Agan, Michael D. Makowsky, *The Minimum Wage, EITC, and Criminal Recidivism*, NBER Working Paper 25116, September 2018, p. 15, available at <https://www.nber.org/papers/w25116.pdf>.
- ¹² *The Importance of the Earned Income Tax Credit and Its Economic Effects in Baltimore City*, The Jacob France Institute, June 2004, available at <https://www.ubalt.edu/jfi/jfi/reports/EITC-rept.pdf>.
- ¹³ Oregon Department of Revenue data for 2016 tax year.
- ¹⁴ Rural Oregon legislative districts are defined as those not containing a Metropolitan Statistical Area, which include House Districts 1, 4, 5, 10, 17, 23, 53, 55, 56, 57, 58, 59, and 60. OCPP analysis of IRS and Tax Policy Center data, available at <https://www.ocpp.org/media/uploads/pdf/2019/02/20190216-EITC-House-fnl.pdf>.
- ¹⁵ OCPP analysis of findings: Antonio Avalos, Sean Alley, *The Economic Impact of the Earned Income Tax Credit (EITC) in California*, The California Journal of Politics & Policy, 2010, Vol. 2, Issue 1, available at <https://escholarship.org/uc/item/2jj0s1dn>. Also, Matthew Soursourian, *The Earned Income Tax Credit in the 12th District*, Community Development Research Brief, Federal Reserve Bank of San Francisco, May 2011, available at <https://www.frbsf.org/community-development/files/earned-income-tax-credit-in-the-12th-district.pdf>.

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Raising Oregon's EITC helps working families in every Senate district

District	Senator	EITC Households (#)	Percent of All Filers	Federal EITC (\$)	Current Oregon EITC* (\$)	Oregon EITC with HB 3028** (\$)
1	Heard	10,017	19%	21,800,000	1,744,000	4,360,000
2	Baertschiger	11,057	19%	24,600,000	1,968,000	4,920,000
3	Golden	11,264	18%	24,200,000	1,936,000	4,840,000
4	Prozanski	9,094	16%	18,700,000	1,496,000	3,740,000
5	Roblan	10,072	18%	21,500,000	1,720,000	4,300,000
6	Beyer	9,772	17%	20,400,000	1,632,000	4,080,000
7	Manning	9,739	16%	18,500,000	1,480,000	3,700,000
8	Gelser	7,632	13%	14,800,000	1,184,000	2,960,000
9	Senator Girod	8,952	15%	20,700,000	1,656,000	4,140,000
10	Winters	8,828	14%	20,100,000	1,608,000	4,020,000
11	Courtney	12,237	22%	31,300,000	2,504,000	6,260,000
12	Boquist	8,914	15%	20,300,000	1,624,000	4,060,000
13	Thatcher	7,365	11%	16,300,000	1,304,000	3,260,000
14	Hass	5,458	8%	10,900,000	872,000	2,180,000
15	Riley	7,489	12%	16,900,000	1,352,000	3,380,000
16	Johnson	8,220	13%	17,100,000	1,368,000	3,420,000
17	Steiner Hayward	4,976	8%	8,900,000	712,000	1,780,000
18	Burdick	5,680	8%	8,600,000	688,000	1,720,000
19	Wagner	4,514	7%	8,200,000	656,000	1,640,000
20	Olsen	7,183	11%	15,200,000	1,216,000	3,040,000
21	Taylor	7,982	11%	11,900,000	952,000	2,380,000
22	Frederick	9,716	14%	17,300,000	1,384,000	3,460,000
23	Dembrow	9,477	14%	17,700,000	1,416,000	3,540,000
24	Fagan	11,782	20%	27,800,000	2,224,000	5,560,000
25	Monnes Anderson	10,782	18%	25,800,000	2,064,000	5,160,000
26	Thomsen	9,548	15%	22,100,000	1,768,000	4,420,000
27	Knopp	8,095	11%	16,800,000	1,344,000	3,360,000
28	Linthicum	10,491	19%	24,000,000	1,920,000	4,800,000
29	Hansell	9,881	19%	23,900,000	1,912,000	4,780,000
30	Bentz	10,301	20%	25,200,000	2,016,000	5,040,000

Figures for tax year 2015.

* Does not include additional 3% for households with children under 3.

** Does not include additional 5% for households with children under age 3.

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Raising Oregon's EITC helps working families in every House district

District	Representative	EITC Households (#)	Percent of All Filers	Federal EITC (\$)	Current Oregon EITC* (\$)	Oregon EITC with HB 3028** (\$)
1	Smith (David Brock)	4,867	18%	10,400,000	832,000	2,080,000
2	Leif	5,153	20%	11,400,000	912,000	2,280,000
3	Wilson	5,620	21%	12,500,000	1,000,000	2,500,000
4	Stark	5,434	18%	12,100,000	968,000	2,420,000
5	Marsh	5,414	17%	10,900,000	872,000	2,180,000
6	Wallan	5,847	19%	13,300,000	1,064,000	2,660,000
7	Hayden	4,981	18%	11,200,000	896,000	2,240,000
8	Holvey	4,113	14%	7,600,000	608,000	1,520,000
9	McKeown	5,087	18%	10,800,000	864,000	2,160,000
10	Gomberg	4,985	17%	10,700,000	856,000	2,140,000
11	Wilde	3,972	14%	7,900,000	632,000	1,580,000
12	Lively	5,800	21%	12,500,000	1,000,000	2,500,000
13	Nathanson	4,141	13%	7,400,000	592,000	1,480,000
14	Fahey	5,598	18%	11,100,000	888,000	2,220,000
15	Davis	4,720	15%	10,200,000	816,000	2,040,000
16	Rayfield	2,912	11%	4,600,000	368,000	920,000
17	Sprenger	4,789	17%	11,000,000	880,000	2,200,000
18	Lewis	4,164	14%	9,700,000	776,000	1,940,000
19	Boles	4,482	15%	10,400,000	832,000	2,080,000
20	Evans	4,347	14%	9,600,000	768,000	1,920,000
21	Clem	6,299	23%	15,900,000	1,272,000	3,180,000
22	Alonso Leon	5,938	22%	15,400,000	1,232,000	3,080,000
23	Nearman	4,338	15%	9,700,000	776,000	1,940,000
24	Noble	4,576	15%	10,600,000	848,000	2,120,000
25	Post	4,439	14%	10,300,000	824,000	2,060,000
26	Neron	2,926	8%	6,000,000	480,000	1,200,000
27	Schouten	3,230	11%	6,400,000	512,000	1,280,000
28	Barker	2,226	6%	4,600,000	368,000	920,000
29	McLain	4,420	14%	10,400,000	832,000	2,080,000
30	Sollman	3,068	9%	6,400,000	512,000	1,280,000
31	Witt	3,533	12%	7,300,000	584,000	1,460,000

Raising Oregon's EITC helps working families in every House district

District	Representative	EITC Households (#)	Percent of All Filers	Federal EITC (\$)	Current Oregon EITC* (\$)	Oregon EITC with HB 3028** (\$)
32	Mitchell	4,687	15%	9,900,000	792,000	1,980,000
33	Greenlick	2,176	7%	3,400,000	272,000	680,000
34	Helm	2,800	9%	5,500,000	440,000	1,100,000
35	Doherty	3,143	9%	6,200,000	496,000	1,240,000
36	Williamson	2,537	7%	2,400,000	192,000	480,000
37	Prusak	2,523	8%	5,000,000	400,000	1,000,000
38	Salinas	1,991	6%	3,100,000	248,000	620,000
39	Drazan	3,442	11%	7,400,000	592,000	1,480,000
40	MEEK	3,742	11%	7,800,000	624,000	1,560,000
41	Power	4,101	12%	7,400,000	592,000	1,480,000
42	Nosse	3,881	10%	4,600,000	368,000	920,000
43	Sanchez	4,534	12%	7,200,000	576,000	1,440,000
44	Kotek	5,183	16%	10,100,000	808,000	2,020,000
45	Smith Warner	4,467	13%	8,300,000	664,000	1,660,000
46	Keny-Guyer	5,010	15%	9,500,000	760,000	1,900,000
47	Hernandez	6,556	23%	16,200,000	1,296,000	3,240,000
48	Reardon	5,226	17%	11,500,000	920,000	2,300,000
49	Gorsek	5,459	18%	13,100,000	1,048,000	2,620,000
50	Piluso	5,323	18%	12,800,000	1,024,000	2,560,000
51	Bynum	5,343	17%	13,000,000	1,040,000	2,600,000
52	Williams	4,205	13%	9,100,000	728,000	1,820,000
53	Zika	4,500	15%	9,600,000	768,000	1,920,000
54	Helt	3,598	9%	7,200,000	576,000	1,440,000
55	McLane	5,028	18%	11,200,000	896,000	2,240,000
56	Reschke	5,463	21%	12,700,000	1,016,000	2,540,000
57	Smith (Greg)	5,232	20%	13,400,000	1,072,000	2,680,000
58	Barreto	4,649	17%	10,500,000	840,000	2,100,000
59	Bonham	5,506	19%	12,800,000	1,024,000	2,560,000
60	Findley	4,794	22%	12,400,000	992,000	2,480,000

Figures for tax year 2015.

* Does not include additional 3% for households with children under age 3.

** Does not include additional 5% for households with children under age 3.