

HB 3028 A STAFF MEASURE SUMMARY

House Committee On Human Services and Housing

Action Date: 04/01/19

Action: Do pass with amendments
and be referred to Revenue by prior reference. (Printed A-Eng.)

Vote: 8-0-1-0

Yeas: 8 - Helt, Meek, Mitchell, Noble, Sanchez, Schouten, Williams, Zika

Exc: 1 - Keny-Guyer

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

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Meeting Dates: 3/27, 4/1

WHAT THE MEASURE DOES:

Increases percentage of federal Earned Income Tax Credit (EITC) allowable as credit against Oregon personal income tax from 8 to 12 percent. Stipulates that a taxpayer, with a dependent under the age of three years at the close of the tax year, is allowed a credit of 18 percent, and that a taxpayer with a youngest dependent between three and six years of age is allowed a credit of 15 percent. Allows an individuals to claim a credit using a Social Security number or taxpayer identification number if, under the Internal Revenue Code (IRS), the person would otherwise be eligible to claim a credit under IRS code, section 32. Stipulates a 20 percent credit. Requires Oregon Department of Revenue to establish rule for procedures and guidelines for determining amount of credit allowed. Applies to tax years beginning on or after January 1, 2020, and before January 1, 2026. Extends sunset for EITC. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- EITC and how it aids lower income families
- Assisting lower income people with tax preparation
- Raise and Renew Coalition members and goals to encourage employment and put more money in worker's pockets
- Support of -1 and -2 amendments by the Coalition
- Prospect citizenship and if taking EITC would affect person's chances of citizenship

EFFECT OF AMENDMENT:

Increases percentage of federal Earned Income Tax Credit (EITC) allowable as credit against Oregon personal income tax to 12 percent. Stipulates that a taxpayer, with a dependent under the age of three years at the close of the tax year, is allowed a credit of 18 percent, and that a taxpayer with a youngest dependent between three and six years of age is allowed a credit of 15 percent. Allows an individuals to claim a credit using a Social Security number or taxpayer identification number if, under the Internal Revenue Code (IRS), the person would otherwise be eligible to claim a credit under IRS code, section 32. Stipulates a 20 percent credit. Requires Oregon Department of Revenue to establish rule for procedures and guidelines for determining amount of credit allowed.

BACKGROUND:

The Earned Income Tax Credit (EITC) is a benefit for working people who meet certain qualifications and who have low to moderate income. A tax credit reduces the amount of tax the person owes and may also give the person a refund. The criterion to qualify for the EITC includes: 1) The individual (and spouse if filing jointly) must have a Social Security number that is valid for employment and is issued before the due date of the return including extensions; 2) The filer must have earned income from working for someone else or owning or running a farm or business; 3) The filer cannot be married filing separately; and 4) Be a U.S. citizen or resident alien. The IRS also has

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rules regarding age, dependency and other criterion to qualify for the EITC.

HB 3028-A increases the percentage from 8 to 12 percent of federal EITC allowable as credit against Oregon personal income tax, modifies the EITC brackets for for taxpayers with dependent children, and allows an individuals to claim the credit using a Social Security number or taxpayer identification number, if otherwise eligible under IRS code.