



Joint Committee on Tax Expenditures

May 30, 2023

## Testimony in Support of HB 3235A

Co-Chairs Nathanson and Meek, Vice-Chairs, and Members of the Committee,

My name is Daniel Hauser, Deputy Director for the Oregon Center for Public Policy, and I respectfully submit this testimony in support of the Oregon Kids' Credit, HB 3235A, on behalf of the Center.

The Oregon Center for Public Policy is a nonpartisan think tank dedicated to improving the economic outcomes for all Oregonians, particularly low-income families and Oregonians of color, through research and analysis.

As originally envisioned, the Oregon Kids' Credit would have reached a quarter million children in Oregon and would have pulled nearly 20,000 children out of poverty. However, it would have cost about \$300 million per year, and we do not have those resources available at this time. We've worked with legislative champions and community partners to carefully target the policy at the families in greatest need and are supportive of the -10 amendments to the bill.

With the -10 amendments, the Oregon Kids' Credit is a \$1,000 refundable tax credit for each child under six that a family claims on their taxes. A tax filer can claim up to 5 eligible children on their tax form. Only families with incomes of \$25,000 or less will receive the full credit with a phase-out at \$30,000 for all filers except for married filing separately, who are ineligible for the Oregon Kids' Credit just as they're ineligible for the Earned Income Tax Credit.

Consider the impact of this credit for a family making \$20,000 a year with three young children. They would receive a \$3,000 Oregon Kids' Credit. Research shows that families like this spend expanded tax credits on their basic needs – food on the table, clothes for their kids, or catching up on back rent.

We recently spoke with parents across the state who shared why the Oregon Kids' Credit would be so important for their families. I'll cite just one of the many

Our mission is to achieve economic justice for all Oregonians through research, analysis, and advocacy.

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powerful responses from Shannon, a single Oregon mother: “I frequently go without my own needs to be sure my son has everything he needs. It would be like receiving an extra hand to help.”

Prior OCPP research on the Oregon Kids’ Credit has found that it would help reduce disparities by race and ethnicity – disproportionately helping Black, Indigenous, and Latino children across the state. The Oregon Kids’ Credit would benefit children in every corner and every county of the state – but disproportionately help children living in rural communities.

Since you all often hear references to the “return on investment” of tax policies or other appropriations, I thought you’d also like to know that the expansion of the federal Child Tax Credit was found to have an ROI of more than 10. The tens of millions of dollars you invest in the growth of Oregon’s children today will generate hundreds of millions of dollars in economic activity, cost savings to the state, and more positive benefits all over our state.

Not only that, but these families will spend the money locally – which the research consistently shows is how low-income families use additional resources. This means the Oregon Kids’ Credit will circulate rapidly in our economy, providing continued benefits to small businesses and local communities throughout Oregon.

The data and the stories agree: Parents and children across the state need help to afford their basic needs, and the Oregon Kids’ Credit is an efficient and effective way to do it. Please advance HB 3235A with the -10 amendments and create the Oregon Kids’ Credit.

