



March 27, 2019

To: House Committee on Human Services and Housing
Re: HB 3028 Raise & Renew the Earned Income Tax Credit

Chair Keny-Guyer, Vice Chairs Noble and Sanchez and members of the Committee,

The Oregon Business Council's Poverty Task Force strongly supports HB 3028 to renew and raise Oregon's Earned Income Tax Credit (EITC). Reducing poverty below 10% by 2020 is a key priority of the Oregon Business Plan and OBC's Poverty Task Force. Our Task Force has been a longtime supporter of the EITC because it is a proven and effective mechanism for lifting families out of poverty. Last session we successfully advocated to increase the state portion of the EITC for families with young children. While this was an improvement, it did not go far enough. This session we would like to see the EITC renewed and raised to an amount that will provide a meaningful raise for working families in Oregon.

As leaders that have grown and operated our businesses in Oregon, we believe that our success is inextricably linked to the success of all Oregonians. While we seek to develop career pathways within our businesses, there are still many Oregonians that are working but struggling to make ends meet. As the cost of living in Oregon is on the rise, we need leverage tools that work to counteract the adverse impact of growth on low- to moderate-income Oregonians. The EITC provides a much needed boost to the budgets of working Oregonians and can help stabilize underserved communities.

EITC recipients often leverage the credit to take advantage of better career opportunities. Hence, workers tend not to rely on the EITC for long periods of time. Out of those that receive the federal EITC, three out of five filers use it for one or two years at a time.¹ Yet, support during this time makes a difference in improving pro-social outcomes across the board including health, educational achievement, earning potential, and recidivism. It also reaches residents in all corners of the state who need it most. New research shows that increasing the Oregon EITC to at least 20 percent of the federal credit would decrease the statewide child poverty rate by 3 percent.²

Among state's who offer a refundable EITC, Oregon's rate is in the lowest quartile. Passing HB 3028 will put us in the middle of the pack among states, and will go a long way in supporting residents as they seek to move up the economic ladder towards stability and prosperity, resulting in a better Oregon for us all.

Sincerely,

Duncan Wyse
President, Oregon Business Council

¹ Marr, Chuck, Chye-Ching Huang, Cecile Murray, And Arloc Sherman (April, 2016). Strengthening the EITC for Childless Workers Would Promote Work and Reduce Poverty. <https://www.cbpp.org/research/federal-tax/strengthening-the-eitc-for-childless-workers-would-promote-work-and-reduce>

² Rothwell, D. W., Weber, B., & Giordano, L. (2019, February 14). The Oregon Earned Income Credit's Impact on Child Poverty. <https://doi.org/10.31219/osf.io/h6w3g>