

May 6, 2019

RE: Support for HB 3028 – Renew and Raise EITC

Chair Nathanson and Representatives,

Children First for Oregon represents the interests of Oregon's almost 875,000 children and believes that together, with communities and leaders across the state, we can build a state where all children thrive. The concept to Renew and Raise Oregon's Earned Income Tax Credit has more than two dozen partners registering their support on the 2019 Children's Agenda.

The federal Earned Income Tax Credit (EITC) rewards families for work and is one of the most cost effective means for helping working families reduce the adverse effects of poverty. The benefit varies according to the number of children. For example, in 2018, the maximum refundable credit for a single mother with two children was \$5,700. This is if she was making between \$14,300 and \$18,600 per year. As the parent earns more money, they keep 16% to 21% of their wages as the credit decreases. Note that there is little evidence that EITC inhibits people from working more hours.¹ These funds are incredibly helpful for a working parent struggling to meet housing, child care, food, and other expenses.

Recognizing both the benefits of EITC and the needs of the working poor, Oregon started its own EITC credit in 1997 as a percentage of the federal credit. There have been improvements over the years, with the last coming in 2016 with the passage of HB 4011 by a cumulative vote of 83-5. Oregon now has a refundable EITC of 8% of the federal level and 11% for parents with children younger than three. The maximum Oregon credit at 8% in the example above is \$456 with an extra \$171 for working parents with children younger than three.

Children First for Oregon asks for your support HB 3028, because it is a smart investment for Oregon's children. CDC researchers have shown that a refundable EITC reduces abusive head trauma among children younger than two.² Increased EITC income reduces low birth weight rates, with greater affects among African American women.³ Last month,

¹ Meyer, Bruce D. 2002. "[Labor Supply at the Extensive and Intensive Margins: The EITC, Welfare, and Hours Worked.](#)" *American Economic Review* 92 (2): 373–79.

² 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/>.

³ 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>.

Together we can build an Oregon where all children thrive.

a new report showed increasing EITC prevents a statistically significant number of suicides as well.⁴ These benefits and others help the families and reduce costs for the state. By expanding the refundable credit we make a difference for parents who are attempting to do everything right. At 12% the example family now receives \$684 to pay bills and stabilize the family. The credit boost for those expensive early years would now mean an extra \$171 for parents with children three to five years old, or \$342 for those with particularly young children.

HB 3028 as amended also clarifies that all Oregon residents who are doing right by their families by working and filing their taxes can have access to this credit. All working parents at low income should be eligible for the Oregon credit.

Children First for Oregon urges your support for HB 3028.

James Barta
Strategic Director

⁴ William H. Dow, Anna Godøy, Christopher A. Lowenstein, Michael Reich, Can Economic Policies Reduce Deaths of Despair? NBER Working Paper No. 25787, April 2019, available at <https://www.nber.org/papers/w25787>