

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
80th Oregon Legislative Assembly
2019 Regular Session
Legislative Revenue Office

Bill Number:	SB 758
Revenue Area:	Personal Income Tax
Economist:	Kyle Easton
Date:	3/6/2019

Only Impacts on Original or Engrossed Versions are Considered Official

Measure Description:

Extends sunset for Oregon earned income tax credit from 1/1/2020 to 1/1/2026. Applicable to tax years 2020 through 2025, increases Oregon earned income tax credit from 8% to 12% of federal earned income tax credit. For taxpayers with a dependent under the age of three at the close of the tax year, measure increases Oregon credit percentage from 11% to 15% of federal earned income tax credit.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2019-20	2020-21	2019-21	2021-23	2023-25
General Fund	0	-78.8	-78.8	-164.5	-174.3

Impact Explanation:

The combination of the six-year extension of the current law sunset and the expansion of the credit is expected to reduce general fund revenue by amount displayed in revenue impact table. In tax year 2016, about 280,000 taxpayers claimed Oregon’s earned income tax credit. The overall average credit amount claimed for full-year tax filers was \$170. Increasing the credit percentage from 8% to 12% would increase the \$170 average to \$255. As an example, for a taxpayer with a dependent under the age of three, if the taxpayer’s credit at 11% of federal was \$250, increasing the credit percentage to 15% would increase credit amount to \$341.

Estimate of revenue impact was made through an analysis of the historic use of Oregon’s tax credit and expectation of federal earned income tax credit use, of which Oregon’s credit is a percentage thereof.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this measure is to increase the spendable income of low-income working families, thereby encouraging low-income earners to enter the labor force or earn more if already part of the labor force.