



# Tax Policy Through a Racial Equity Lens

*Presentation to the House Committee on Revenue on 2/18/2021*

# Panelists

**Kalpana Krishnamurthy**, Forward Together Action

**Michael Leachman**, Center on Budget and Policy Priorities

**Juan Carlos Ordóñez**, Oregon Center for Public Policy

**Matt Newell-Ching**, Oregon Food Bank

**Matt Bartolotti**, Metropolitan Family Services

**Jenny Lee**, Coalition of Communities of Color

# Forward Together Action

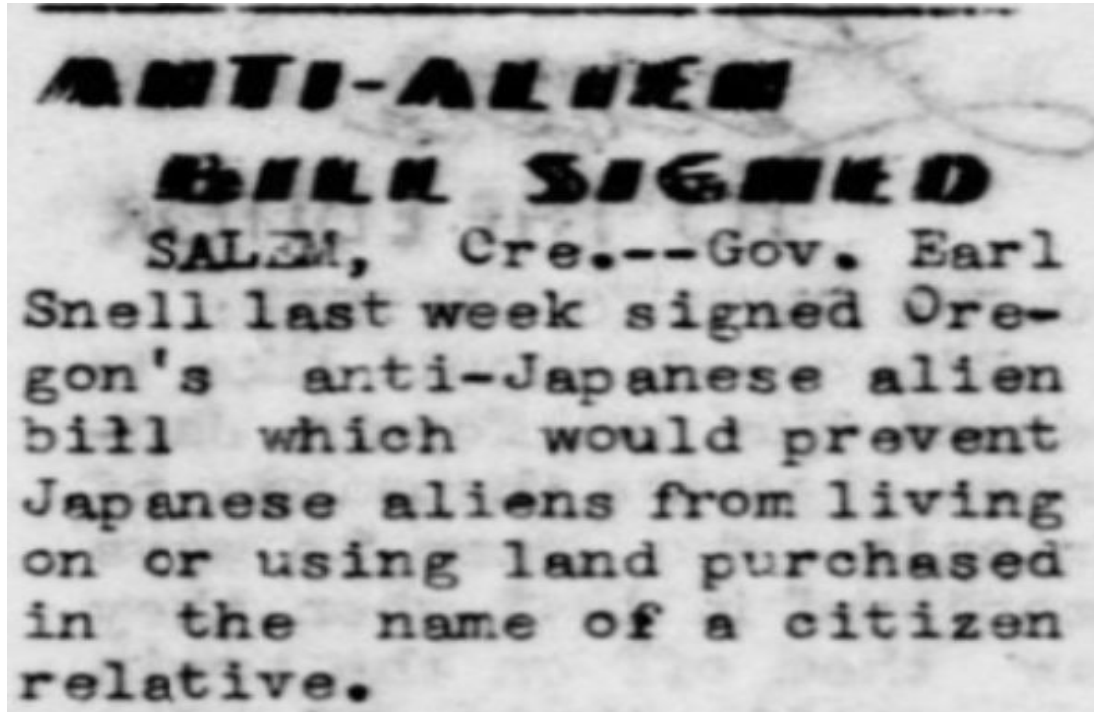
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# Oregon Poll Tax

*"Be it enacted by the legislative assembly of the state of Oregon, That each and every negro, Chinaman, Kanaka and mulatto, residing within the limits of this state, shall pay an annual poll tax of five dollars, for the use of the county in which such negro, Chinaman, kanaka and mulatto may reside."*

- 1862 Or. Laws 76

# Oregon Alien Land Laws



1923:  
Prohibits Japanese residents in Oregon from purchasing agricultural land.

1945:  
Revision to Alien Land Law forbids Japanese nationals from purchasing or leasing land.

# Impacts of Measures 5, 47, and 50

- Limited resources for Oregon to address impacts of systemic racism
- Disparate property tax burdens that reinforce and advance gentrification
  - Historic disinvestment and redlining led to undervalued Black neighborhoods
  - These measures locked in property tax rates that remain artificially low today

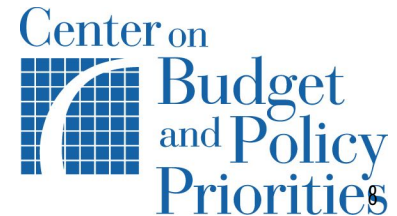


# Policies to address race and taxes

- Close tax loopholes that benefit the wealthiest Oregonians, who are disproportionately white
- Evaluate all tax policy on progressivity index that includes a specific measure around racial equity
- Tax wealth using a progressive approach
- Address constitutionally mandated tax policy like the Kicker, supermajority requirement, and property tax limits that all benefit wealthy Oregonians the most.
- Collect better state level data on race and taxes. Require race for tax filers in Oregon, and ask for race on business licenses

# Center on Budget and Policy Priorities

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Vice President for State Fiscal Policy  
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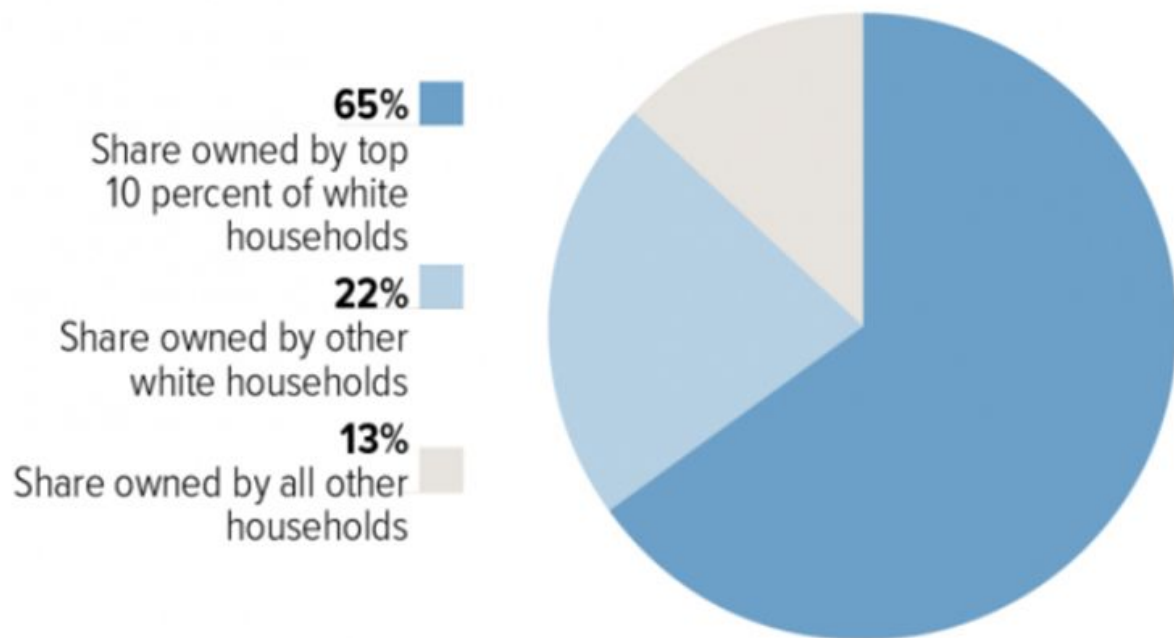




State and local tax policy  
is a powerful structural force in our lives

## Wealthiest 10 Percent of White Households Own Two-Thirds of U.S. Wealth

87 percent of wealth owned by white households

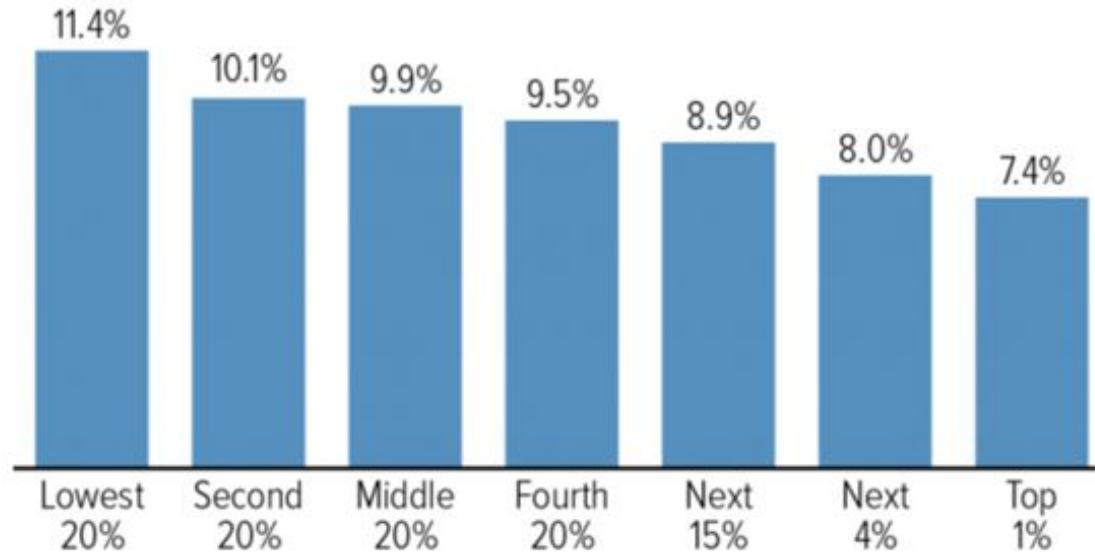


Source: Federal Reserve's Survey of Consumer Finances

# This is what structural racism looks like

## Lowest-Income Households Pay Highest State and Local Taxes

Total state and local taxes that non-elderly residents paid as a share of their income in 2018



# Increased reliance on fees and fines



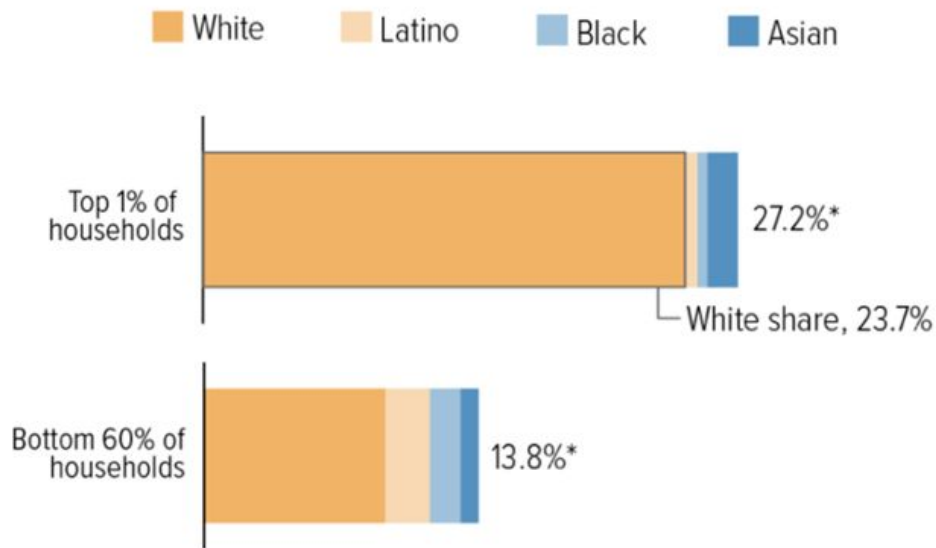




# Federal tax law shaped by racism, white supremacy

## 2017 Tax Law Gives White Households in Top 1% More Than All Races in Bottom 60%

Share of tax cuts, 2018



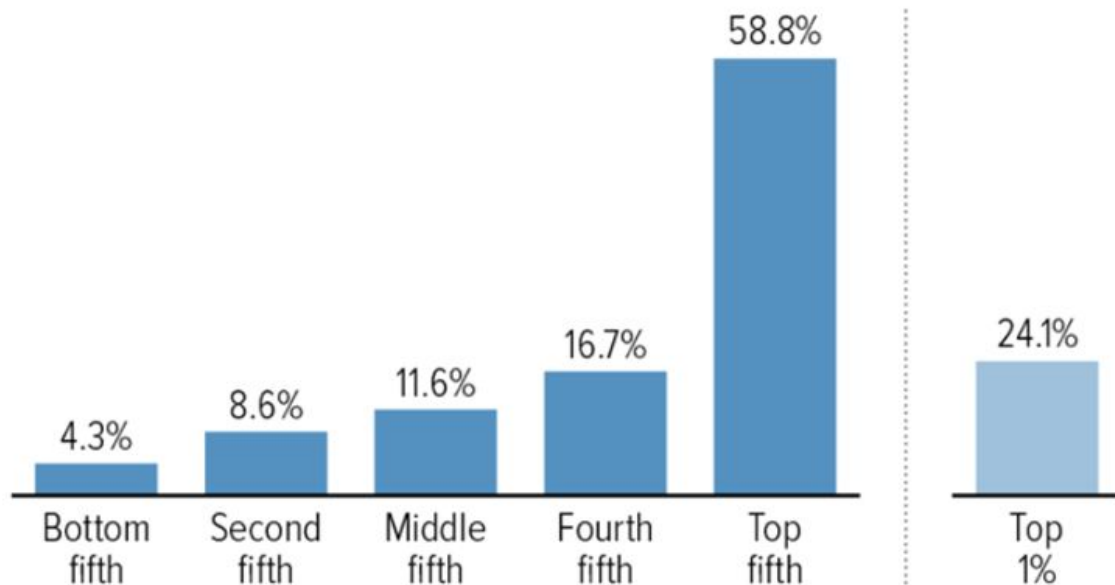
\*These totals include households in addition to the categories listed, such as Native American, Pacific Islander, and Multi-Racial households that are Non-Hispanic.

Note: ITEP-Prosperty Now defines White, Asian, and Black categories all as Non-Hispanic. Latino is any tax filer whether White, Asian, Black, or other race that is also Hispanic.

Source: CBPP analysis based on Institute on Taxation and Economic Policy and Prosperity Now data.

## Spending Through the Tax Code Skews Towards the Top

Distribution by income group of benefits from federal individual income tax expenditures, 2019



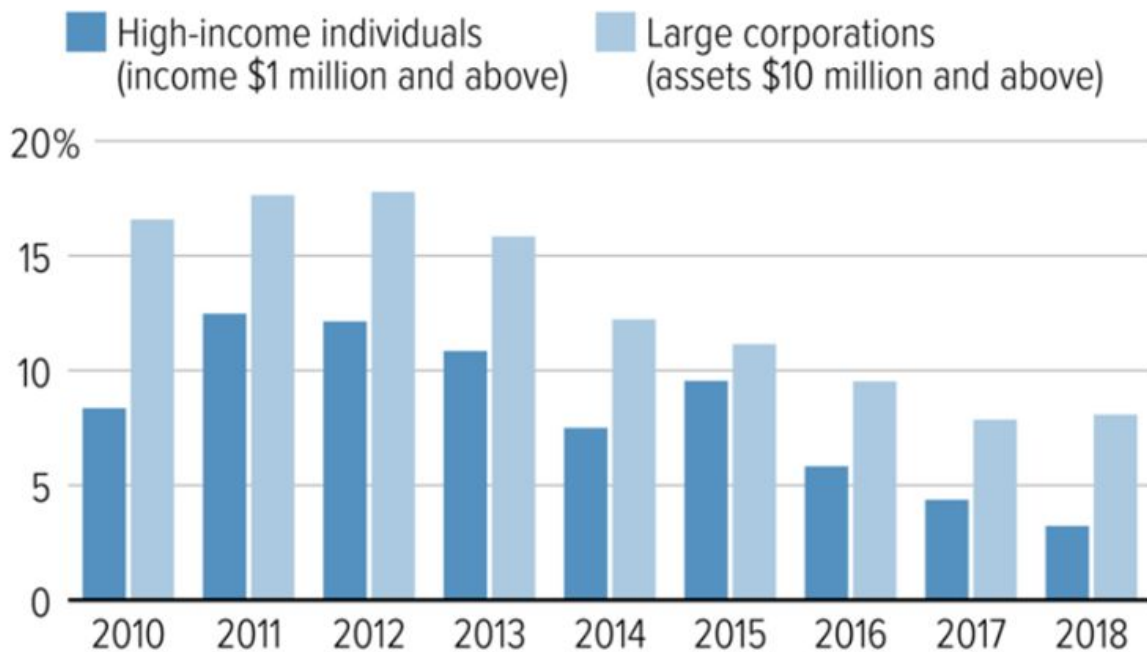
Source: Tax Policy Center

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## Sharp Decline in Audit Rates for High-Income Filers and Large Corporations

Share of returns audited by fiscal year



Source: IRS data books, 2010-2018



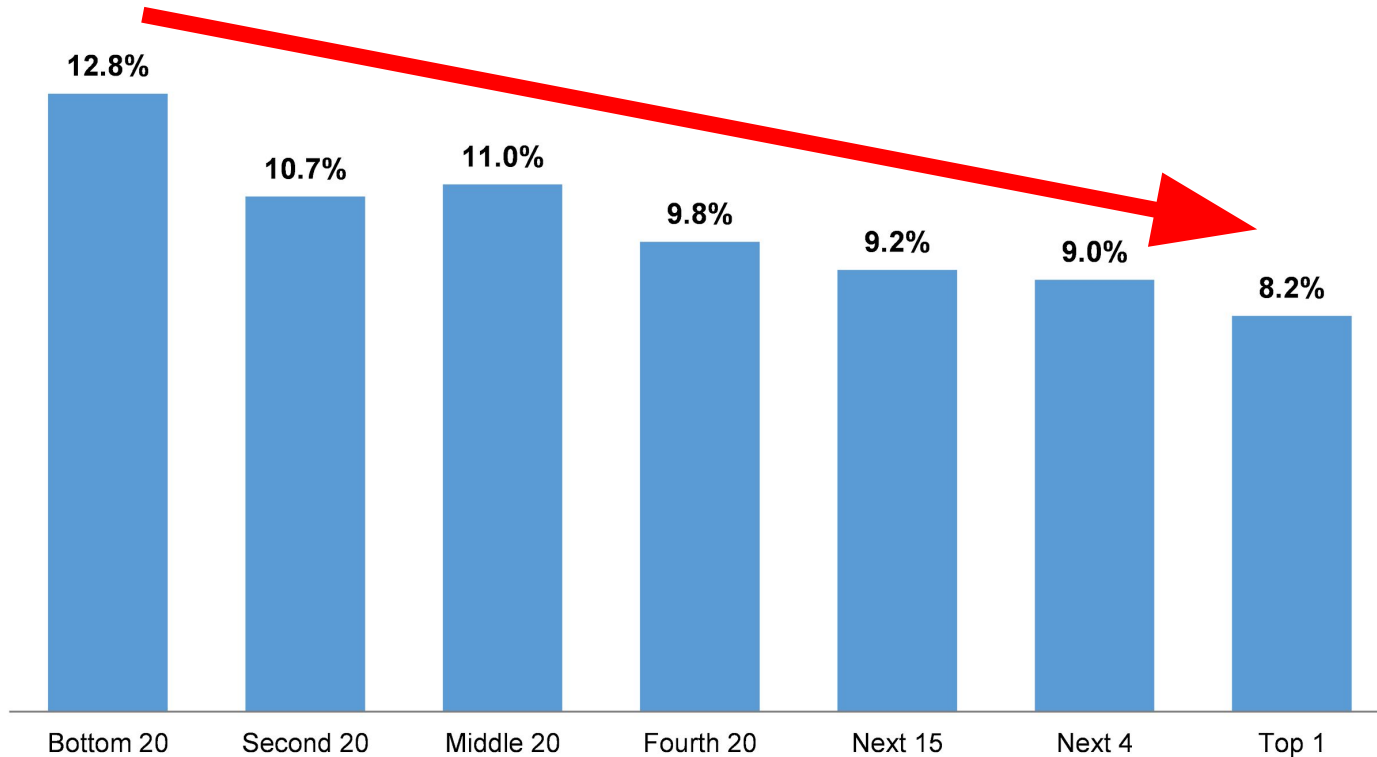


Tax policy is not race neutral.  
But it's a powerful tool for racial equity.

# Oregon Center for Public Policy

Juan Carlos Ordóñez  
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# Oregon's tax structure is upside-down

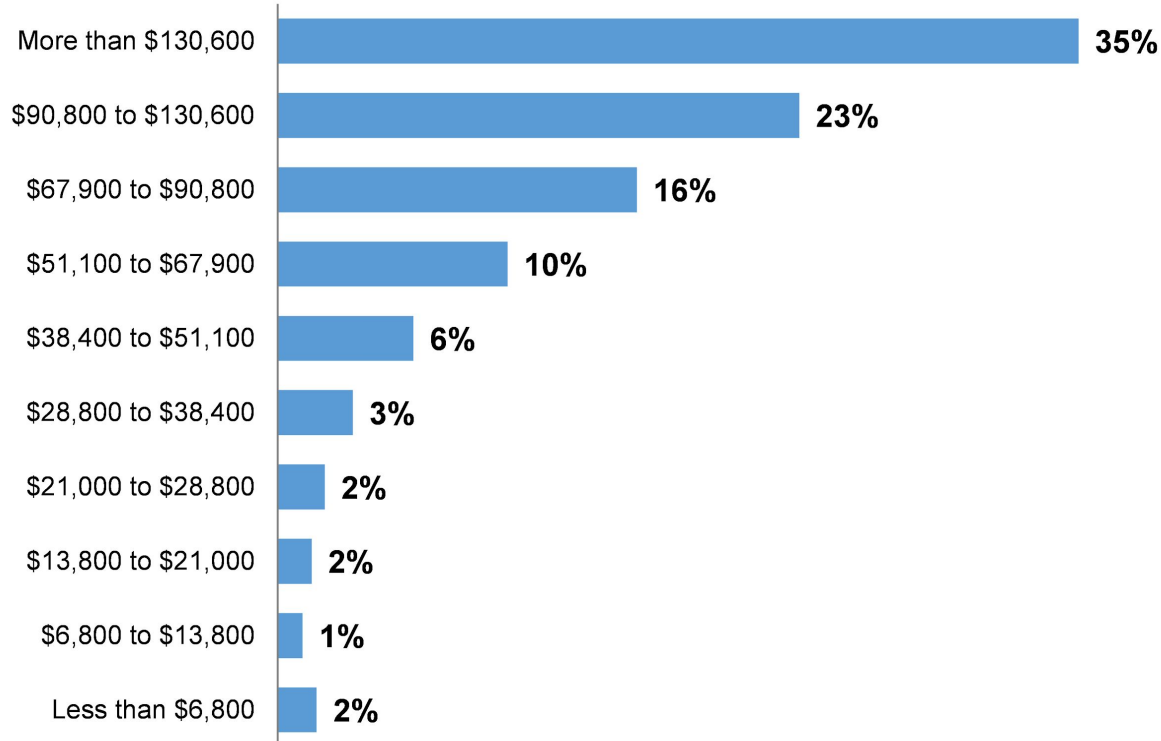




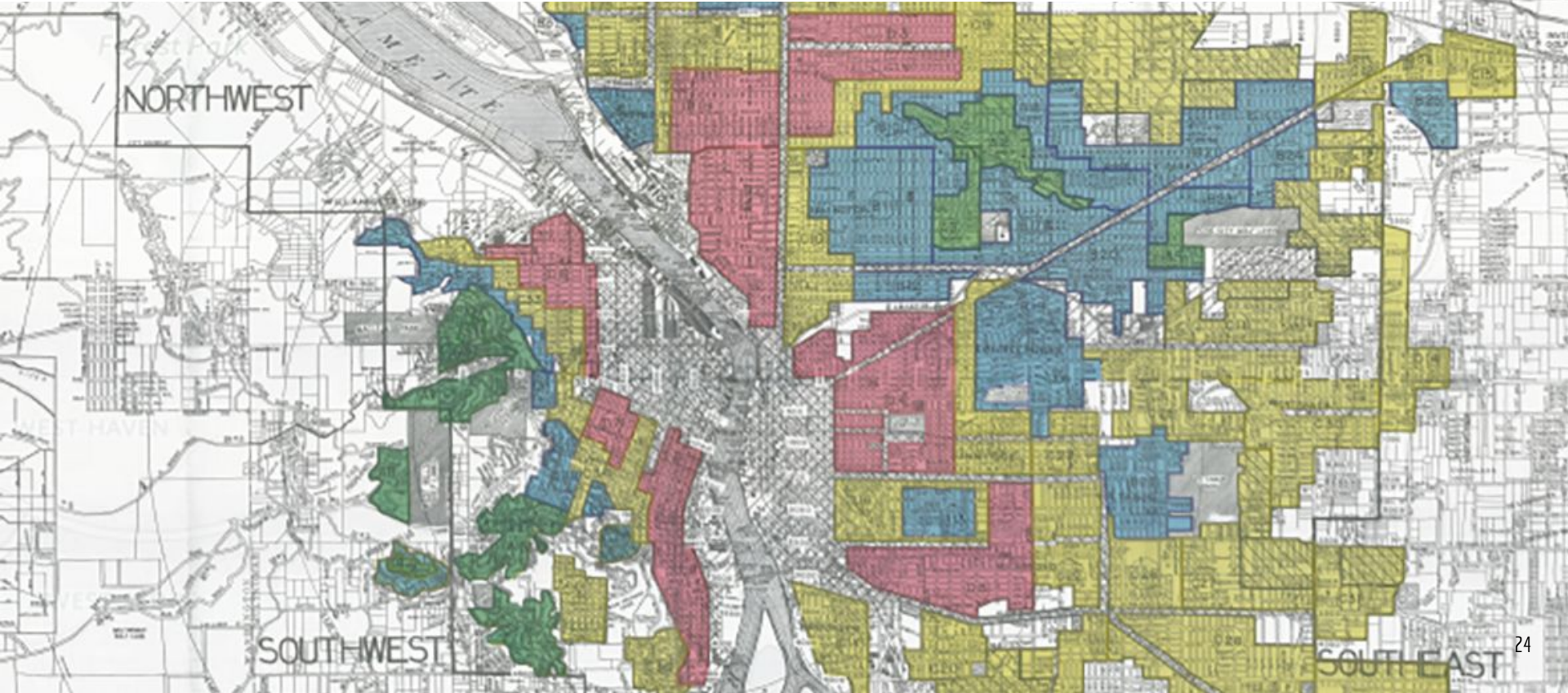
Oregon's state and local  
taxes worsen racial inequity

# Mortgage Interest Deduction mainly subsidizes well-off, white homeowners

Share of total MID deduction going to each income decile in the 2015 tax year



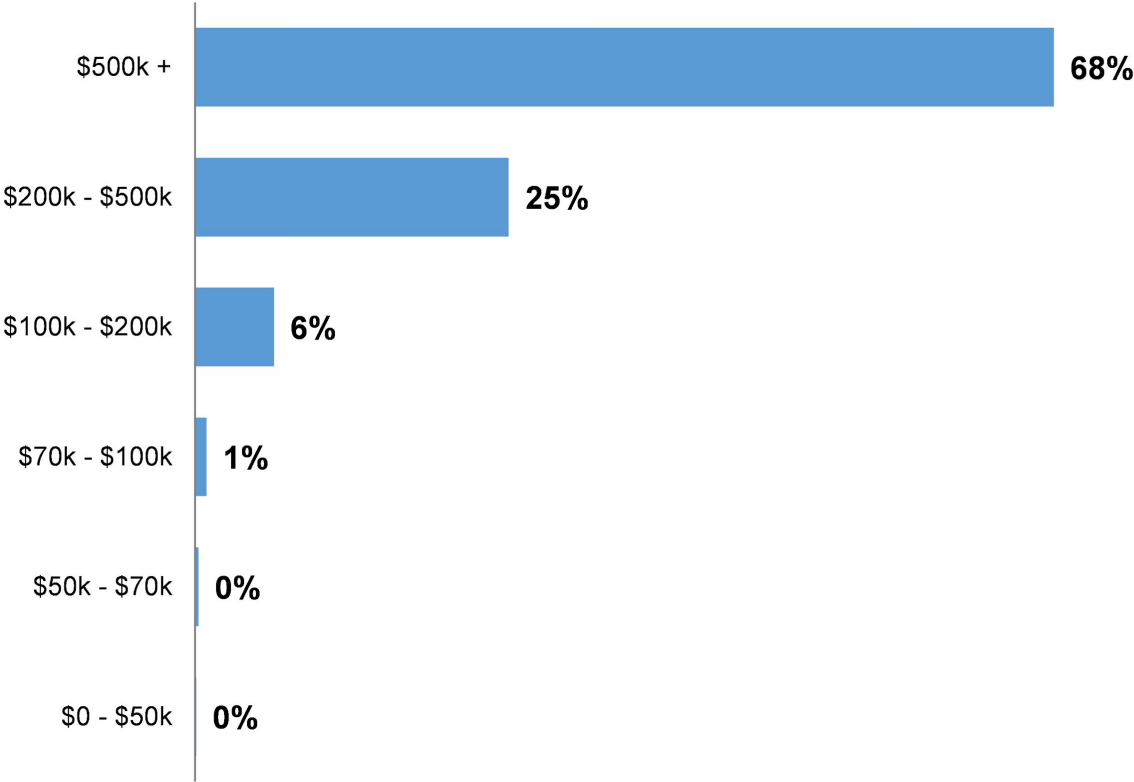
Lower BIPOC homeownership is the result of racist policies and practices





# Lower pass-through tax rates are inequitable

Share of revenue impact by income group from the reduced tax rate for pass-through business income





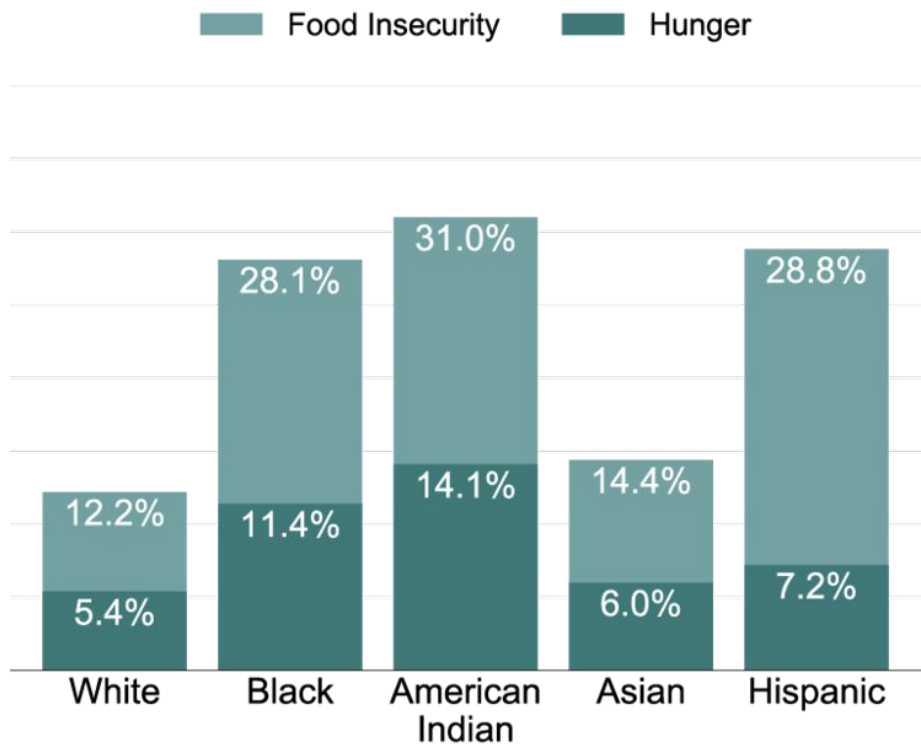
Estate tax is an equitable  
feature of our tax code

# Oregon Food Bank

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Public Policy Manager  
[mattnc@oregonfoodbank.org](mailto:mattnc@oregonfoodbank.org)



# Structural Racism is a Root Cause of Hunger



Source: Oregon Hunger Task Force and Oregon State University

# The Earned Income Tax Credit - How Does it Work?

## Value of Federal Earned Income Tax Credit, 2019

Filing Status:

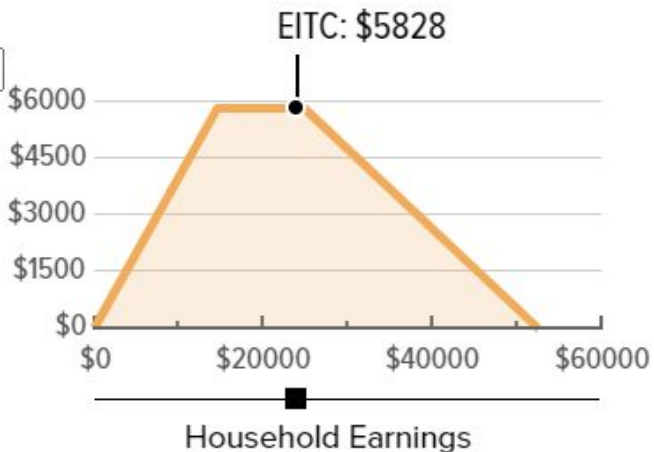
Married

Number of Children:

Two

Household Earnings:

\$ 23920



Note: Assumes all income is from earnings (as opposed to investments, for example).

Source: Internal Revenue Service

- Scenario: Full-time minimum wage worker in rural Oregon (\$11.50/hr), married, two kids
- Fed Credit: \$5,828
- Oregon credit: \$525 (9%) or \$699 (12% if kid under 3)

Examples of how families spend:

- Purchase or repair car
- Take classes
- Deposit/Rent
- \$1.24 multiplier

# The Earned Income Tax Credit Addresses Racial Disparities

- Targeted to households with lower incomes, disproportionately BIPOC
- 300,000 Oregonians claim EITC
- Improved health
- Better school performance
- Higher college enrollment
- Increase work participation and earnings in adulthood

# And yet, inequities remain

- Small credit for filers without dependents
- Some older caretakers excluded
- Filers with Individual Taxpayer Identification Numbers excluded
  - HB 2819 - Leave No Worker Behind addresses this

# Metropolitan Family Service



## A Multiservice Culturally Responsive Agency

Matt Bartolotti, Chief Strategy Officer/Deputy CEO  
mattb@mfs.email

**MISSION:** MFS helps people move beyond the limitations of poverty, inequity, and social isolation.







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# GET YOUR TAXES DONE FOR FREE!

By IRS-Certified Volunteers



Economic Empowerment



# EITC Non Access Disaggregated by Race FY17- FY19+

EITC Non-Access Rate	FY17&18	FY19+	Change
Asian	39.0%	39.0%	-1.0%
Black	38.0%	32.0%	-6.0%
Latino/Hispanic	49.0%	59.0%	10.0%
White	32.0%	36.0%	4.0%

# MFS CASH Oregon

## Pre-Covid

Tri County Area EITC: \$3,332,117

N=4000+

Our volunteer hotline received about 150 calls a day

## Post Covid

Virtual Online/Free File

Economic Impact payments have NOT been easy to access

Our volunteer hotline is currently receiving anywhere from 500 - 700 calls a day



# GET YOUR TAXES DONE FOR FREE!

By IRS-Certified Volunteers: **Jan 20- Apr 4, 2021**

## REQUIREMENTS:

- Your 2020 household income is below **\$57,000** excluding social security income.
- You don't have any of the following:
  - rental property
  - adjustments on education expenses (box 4 or 6 of your 1098-T)
  - self employed income with any of the following (>35k in expenses, a loss for the year, inventory, employees, depreciation or amortization, or business use of the home).

## WHAT ARE THE STEPS?

1. Complete forms 13614-C and 14446 (find these on our website or at one of our locations), and our survey.
2. Call **503-966-7942** to be interviewed and to schedule a scanning appointment.
3. Scan your documents at one of our sites.
4. A volunteer completes your return remotely.
5. After 2 weeks, sign your return electronically or in person.

**No Walk-in Appointments**

## CONTACT/LOCATIONS/HOURS:

Visit our website [cashoregon.org](https://cashoregon.org) or call us at: **503-966-7942**

### Locations:

- Lloyd Center (2027 Lloyd Center, Portland, OR, 97232)
- Beaverton Community Center (12350 SW 5th St, Beaverton, OR, 97005)

**Hours:** Wednesday - Sunday (Lloyd Center 9-5 / Beaverton 10-6)

# Coalition of Communities of Color

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# Racial Equity in Revenue -- Racial Equity in Investments

- Investments require revenue: these are two sides of the same coin for our state
- Advancing racial equity requires shifting our tax system so we can invest in infrastructure for future generations of Oregonians
- During COVID, we have seen new, bold investments that acknowledge disparities, and we must do more going forward to result in systemic change





Thank you!

