

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
81st Oregon Legislative Assembly
2021 Regular Session
Legislative Revenue Office

Bill Number:	HB 2819 - 4
Revenue Area:	Personal Income Tax
Economist:	Kyle Easton
Date:	5/27/2021

Only Impacts on Original or Engrossed Versions are Considered Official

Measure Description:

Allows otherwise qualified resident or nonresident individual to claim Oregon earned income tax credit using Individual Taxpayer Identification Number in lieu of Social Security Number. Applies to tax years beginning on or after January 1, 2022 and before January 1, 2026.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2021-22	2022-23	2021-23	2023-25	2025-27
General Fund		-\$5.7	-\$5.7	-\$11.9	-\$6.1

Impact Explanation:

Oregon's earned income tax credit (EITC) is a percentage of the federal credit and is equal to 9% of the federal credit amount, or 12% for taxpayers with a dependent under the age of three at the close of the tax year. As Oregon's credit is a percentage of the federal credit, Oregon's credit inherently reflects the design of the federal EITC.

To qualify for the EITC, taxpayers must meet a number of requirements including providing Social Security numbers for specified individuals reported on the tax return. Individual Taxpayer Identification Numbers (ITINs) cannot be used to qualify for the federal EITC and as Oregon's EITC is a percentage of the federal credit, taxpayers using an ITIN do not presently qualify for the Oregon EITC or may qualify for a lesser amount.

Measure allows otherwise qualified taxpayers to claim the Oregon portion of the EITC using an ITIN. To determine amount of the credit, taxpayers will compute amount of federal EITC taxpayer would qualify for but for the ITIN limitation and multiply that amount by the appropriate Oregon credit rate (9% or 12%). Allowing ITINs to be used to qualify for the Oregon EITC is expected to expand qualification of the credit by about 18,000 taxpayers per year. Average benefit to taxpayers is expected to be about \$315 with the average benefit amount increasing in later years reflective of credit's adjustments to inflation.

Revenue impact estimate was informed by an analysis of historical tax returns filed containing an ITIN and potential EITC qualification of such tax returns. Estimate reflects EITC current law sunset of January 1, 2026.

Creates, Extends, or Expands Tax Expenditure: Yes No

State Capitol Building
900 Court St NE
Salem, Oregon 97301-1347

Phone (503) 986-1266
Fax (503) 986-1770
<https://www.oregonlegislature.gov/lro>

The policy purpose of this measure is to make the earned income tax credit more equitable by eliminating the distinction between taxpayers filing with a Social Security Number and those filing with an Individual Taxpayer Identification Number.