

HB 4157 STAFF MEASURE SUMMARY

House Committee On Rules

Prepared By: Melissa Leoni, LPRO Analyst

Meeting Dates: 2/17

WHAT THE MEASURE DOES:

Directs Department of Revenue to establish and administer a program to address the negative economic impacts of the COVID-19 public health emergency by providing one-time assistance payments to low-income households with members who worked during the first year of the COVID-19 public health emergency. Defines terms, payment eligibility, and payment amounts. Declares emergency, effective on passage.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Earned Income Tax Credit (EITC) is a federal and state credit against personal income taxes for individuals who earn up to \$57,414 a year that can reduce a family's tax burden by up to \$6,728. The credit amount depends on income, marital status, and family size, and it increases with earned income until it reaches a maximum amount, then gradually phases out. Families with more children are eligible for higher credit amounts.

Taxpayers eligible for the federal EITC may claim an Oregon income tax credit equal to 9 percent of the federal credit. For taxpayers with at least one dependent under the age of three, the Oregon income tax credit increases to 12 percent of the federal EITC. The Oregon earned income tax credit is also a refundable credit. To the extent that the state credit exceeds a taxpayer's liability (reduced by any nonrefundable credits), the taxpayer receives a payment for the excess.

House Bill 4157 directs the Department of Revenue to provide one-time assistance payments to low-income households with members who received the EITC for the 2020 tax year and worked during the first year of the COVID-19 public health emergency.