

Chair Williams, Vice Chairs Ruiz and Sharf, and Members of the Committee:

Thank you for the opportunity to provide testimony in support of House Bill 4117. My name is Kenneth Thrasher and I am submitting this testimony on behalf of the Oregon Business Council, as a Senior Director.

We are writing to offer support for House Bill 4117 because we know that the Earned Income Tax Credit is one of the most effective programs to help individuals and families transition from poverty to self-sufficiency. This bill would enable culturally specific and responsive community-based organizations, tribal governments, and rural communities better assist their clients in accessing critical tax support and navigation resources.

This Bill not only helps families capture an annual loss of \$137 million in lost Federal EITC and CTC benefits in Oregon, but also allows eligible families to go back three years to capture potential lost EITC benefits. It's estimated that Oregon's economy would benefit by up to \$200 million annually in economic growth if these federal benefits were captured by eligible Oregonians.

- On a local level, Oregon has persistently ranked near the bottom of U.S. states in access to the Earned Income Tax Credit (EITC). In recognition of this problem, Governor Brown has made it a priority to modernize and improve EITC access and take-up rates.
- Research shows that barriers around geography, language, and trust limit Oregonians' ability to file their tax returns
- Now with the impact of Covid-19 on family job security and income, the need is even greater to overcome these barriers. It's imperative that Oregon execute a strategy to improve tax filing for both EITC access and other tax credits that are available to low-income families.
- If Oregon were to increase its EITC take-up rate from its current 73.1 percent to the national average of 78.6 percent, low-income families would have access to \$27 million in EITC funds and \$5 million in Child Tax Credit (CTC) Funds annually.

The best of class U.S. States are at an 85% take-up rate. If Oregon achieved that level of participation, eligible families would receive an estimated \$73 million in EITC and CTC federal benefits over the current participation rates.

Oregon has passed several critical policies to expand access to the EITC and improve its uptake including expanding access to ITIN filers in the 2020 session and renewing and raising the credit in 2019.

These were essential first steps to ensuring Oregonians had access to these critical tax credits, but our current network for culturally specific, culturally responsive, and rural providers is under resourced and in need of expansion and innovation. A sustainable grant program that increases the capacity of these providers is imperative to maximize the EITC take-up rate and improve access to other tax credits and payments available to low-income families. Specifically, HB 4117 will:

- Fund new infrastructure through capacity grants in geographically diverse communities to deliver tax preparation and tax navigation services to expand access to benefits
- Significantly improve recruitment and retention of qualified tax preparers, both volunteer and paid
- Strengthen the technology and training systems for delivering tax preparation
- Strengthen taxpayer outreach, education, and connection to communities by culturally specific, culturally responsive, tribal governments, and rural partners

Every Oregon family eligible for these credits deserves access to free tax preparation and navigation resources so they can access these credits. The Oregon Business Council urges your support for HB 4117. Thank You.

Sincerely,

Kenneth Thrasher, Retired CEO Fred Meyer
Senior Director, Oregon Business Council
503-887-8099