

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
83rd Oregon Legislative Assembly  
2025 Regular Session  
Legislative Revenue Office

**Bill Number:** HB 2958 - 1  
**Revenue Area:** Personal Income Tax  
**Economist:** Kyle Easton  
**Date:** 5/19/2025

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

**Measure Description:**

Extends sunset of Oregon's earned income tax credit (EITC) by six years from January 1, 2026, to January 1, 2032. Applicable to tax years 2026 and later, increases Oregon's EITC percentage of federal EITC from 9% to 20%, and for taxpayers where the youngest dependent is under the age of three at the close of the tax year, from 12% to 25%. Expands qualification for Oregon EITC to otherwise eligible taxpayers aged 18 years or older that do not meet specified federal EITC age requirements.

Requires Department of Revenue to establish by rule, a program for making quarterly EITC payments to taxpayers. Specifies parameters of quarterly payment program and conditions under which quarterly payments may begin.

**Revenue Impact (in \$Millions):**

	Fiscal Year		Biennium		
	2025-26	2026-27	2025-27	2027-29	2029-31
<b>General Fund</b>	\$0	-\$117.8	-\$117.8	-\$237.5	-\$241.8

**Impact Explanation:**

In 2022, about 230,000 Oregon taxpayers claimed a total of \$45.9 million in Oregon EITC (ITIN taxpayers accounted for about \$700K of the \$45.9M). The average credit amount was \$200 and about 90% of the credit was claimed by taxpayers with an annual income below \$40,000. In recent years the number of taxpayers claiming the credit and the credit amount claimed have varied. This recent variability reflects among other things, temporary federal changes made to the credit, Oregon credit policy changes and the underlying economic effects of the COVID-19 pandemic. Preliminary 2023 credit data indicate an annual total cost of the credit of about \$52 million. The revenue impact estimate of extending the credit's sunset and increasing the credit percentage assumes the underlying federal cost of the credit increases modestly in the coming years. Most of the cost of the credit estimate is due to the sunset extension and percentage increase of the credit. This reflects the relatively low maximum value of the credit for childless taxpayers and the early income phase-out of the credit. Estimate reflects historical annual change in credit use and Oregon's near-term demographic forecast. Timing of revenue impact could change if a quarterly payment program takes effect (not expected at this time).

**Creates, Extends, or Expands Tax Expenditure:** Yes ☒ No ☐

The policy purpose of this credit is to increase the spendable income of low-income working families and encourage individuals to enter and/or increase their labor force participation.