

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

Bill Number: HB 2091
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 by six years, from January 1, 2026, to January 1, 2032.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2025-26	2026-27	2025-27	2027-29	2029-31
General Fund	\$0	-\$53.0	-\$53.0	-\$106.8	-\$108.8

Impact Explanation:

Taxpayers allowed to claim the federal earned income tax credit (EITC) are allowed an Oregon EITC equal to either 9% or 12% of their federal credit amount allowed for the corresponding tax year. To claim the 12% credit, an Oregon taxpayer must have a dependent under the age of three at the close of the tax year. The Oregon EITC is a refundable credit, meaning the credit is first used to reduce a taxpayer's tax liability potentially to zero with any remaining credit amount being paid to the taxpayer in the form of a tax refund. As Oregon's credit is a percentage of the federal credit, Oregon's credit inherently reflects the design of the federal EITC as of a specific date. One difference from federal EITC policy is that Oregon allows taxpayers to claim an Oregon EITC using an individual taxpayer identification number (ITIN) whereas federal law requires a Social Security Number (SSN). Taxpayers claiming an Oregon EITC using an ITIN claim the credit in an amount equal to 9% or 12% of what their federal EITC would have been but for the SSN requirement.

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 has 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. Initial preliminary 2023 credit data indicates an annual total cost of the credit of about \$52 million. The revenue impact estimate of extending the credit's sunset assumes the cost of the credit increases modestly in the coming years. This reflects historical annual change in credit use and Oregon's near term demographic forecast.

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.

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