

Submitter: Shannon Garcia
On Behalf Of:
Committee: House Committee On Early Childhood and Human Services
Measure, Appointment or Topic: HB2991

Chair Hartman, Vice-Chairs Scharf and Nguyen, and Members of the Committee,

My name is Shannon Garcia, I am a tax attorney who provides assistance to low-income taxpayers in our state. I am providing testimony in support of House Bill 2991, as a private citizen and taxpayer in Oregon. HB 2991 proposes a \$14 million investment to provide access to free tax preparation and filing for working families across the state.

In 2022, the Oregon Legislature created the Tax Infrastructure Grant (TIG) program within the Oregon Department of Human Services. TIG was charged with making grants to culturally relevant organizations, tribal governments, and rural community organizations to support tax credit education and free tax return preparation for low-income individuals. Since its creation, TIG has helped thousands of Oregonians file their taxes. Last year, the income of taxpayers using TIG services was below \$28,000 on average. The average refund for those utilizing TIG services was approximately \$2,700 on average.

Oregon's tax system is one of the most effective tools for helping working families manage the rising cost of living. Federal and state refundable tax comprise the largest amount of cash assistance available to working families. Tax credits effectively break cycles of poverty for families. A substantial body of research shows that tax credits such as the EITC improve child health, boost school performance, promote college enrollment, and increase earnings when children become adults. Unfortunately, many eligible Oregon families fail to claim these essential benefits. Despite having nearly 100% claim rate for SNAP benefits, Oregon has the lowest claim rate for refundable credits. The complexity involved in filing taxes is the main barrier to eligible households claiming these credits. This complexity deters many from filing a tax return. However, among those who do not claim the credit despite being eligible are thousands who do file a tax return. That fact itself reveals confusion about program eligibility. Oregonians need help filing their taxes to ensure they are claiming the credits they are entitled to.

Every year, eligible Oregonians leave an estimated \$100 million in federal Earned Income Tax Credits unclaimed. That doesn't include the millions in Child Tax Credits, other tax expenditures, and tax refunds families could get back if they filed their taxes. Oregon's low EITC participation not only undermines the well-being of families, it also represents a loss to the state. The EITC adds dollars to the Oregon economy by giving working people more money to spend. In 2020, the federal EITC brought

more than \$500 million in federal dollars to Oregon. A relatively modest investment by the state in TIG will reap far more in federal dollars flowing into the pockets of working families in Oregon.

The TIG program has already made a significant impact, helping thousands of taxpayers claim crucial tax benefits. However, limited funding restricts its reach, leaving tens of millions of dollars in federal benefits unclaimed by families who need them most.

The program currently serves areas across the state, but the majority of the capacity is in places with greater population density. Additional resources will enable the program to expand to rural areas. To achieve this, Oregon needs to develop a larger pool of qualified tax preparers. Oregon requires people who assist with tax filing to be certified, but Oregon has a shortage of certified tax preparers. The Tax Infrastructure Grant program can expand the pool of certified tax preparers through innovative partnerships with high schools and universities.

HB 2991 would invest an additional \$14 million in the upcoming biennium to allow the TIG program to broaden its reach. Many grant recipients report demand for their services far outpacing their ability to help - with funding being the main constraint. In other cases, some rural communities have minimal support that could be reme