



Senate Committee on Early Childhood and
Behavioral Health

February 25, 2025

Testimony in Support of SB 694

Chair Reynolds, Vice-Chair Anderson, and Members of the Committee,

My name is Daniel Hauser, Deputy Director for the Oregon Center for Public Policy, and I respectfully submit this testimony in support of SB 694 on behalf of the Center. The Oregon Center for Public Policy is a nonpartisan think tank that uses research and analysis to improve the economic outcomes for all Oregonians, especially for those struggling to make ends meet.

The Oregon Kids' Credit, a refundable tax credit for low-income families of young children, was created in 2023 by a near unanimous vote of the legislature. The credit became available in 2024, and we saw nearly \$40 million flow out to about 36,000 families struggling to afford their children's basic needs. This is a tremendous success – many children were lifted out of poverty and had a life that, while by no means comfortable, was more economically secure.

The legislature should not waste any time building on that success. A modest bump in the credit amount up to \$1,200 would mean the family receives effectively \$100 per month per child they have under the age of 6.

And more fundamentally, the credit was limited to people who make less than \$30,000, with the phase-out starting at \$25,000. This was done because of cost limitations imposed during the legislative process, not because families making more than those thresholds didn't need the credit. Someone making minimum wage in Portland and working full-time would make about \$33,000 in a year. If they had a four-year old and a one-year old, they would receive nothing from the Oregon Kids' Credit.

SB 694 extends eligibility for the credit to families making up to \$45,000 of income. That change will ensure more families are helped with the rising cost of living.



Another area in need of improvement is the phase-out of the credit. The current, short phase-out of \$5,000 (from \$25,000 and \$30,000) is barely adequate to ensure families aren't worse off if they earn more money during the phase-out window. Moving to a \$10,000 phase-out, as proposed in SB 694, would make the pathway off of the Oregon Kids' Credit much smoother and reduce the impact for a family earning more money and losing the credit.

Taken together, these changes would be deeply meaningful for that minimum wage parent in Portland. They would move from a \$0 Oregon Kids' Credit, to a \$2,400 one. They could get caught up on back rent, fix their limping car, or create their first emergency fund.

While these would be meaningful improvements to the Oregon Kids' Credit, they are also modest and targeted. We would love to see Oregon mirror Minnesota's decision to set their Child Tax Credit at \$1,750 and make children up to age 17 eligible. However, the revenue need for that investment would be significant, and so SB 694 makes tangible progress towards that goal within the bounds of budget realities.

I'd also remind this committee of the tremendous benefits brought to light during the 2023 campaign to create the Oregon Kids' Credit:

- The Oregon Kids' Credit is estimated to disproportionately benefit children in rural communities and Black, Indigenous, and Latino children in Oregon.
- Child Tax Credits have been estimated to have a "return on investment" of [more than \\$10 for every \\$1 invested](#). The resources you invest in Oregon's children today will generate far more in economic activity, cost savings to the state, and more positive benefits all over our state.
- These families will spend the money locally, which research consistently shows is how low-income families use additional resources. This means the Oregon Kids' Credit circulates rapidly in our economy, providing continued benefits to small businesses and local communities throughout Oregon.

This pragmatic, but meaningful, improvement to the Oregon Kids' Credit will make a difference in thousands of children's lives. Please support SB 694.

