



House Revenue Committee

February 25, 2025

Testimony in Support of House Bill 2958

Chair Nathanson, Vice-Chairs Reschke and Walters, 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 HB 2958 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 Earned Income Tax Credit (EITC) is one of the most effective ways to address rising costs for hard-working families in Oregon. The state EITC helps more than 200,000 working families make ends meet all across Oregon, delivering up to about \$900 per family. The federal EITC lifts about 68,000 Oregonians, including 34,000 children, out of poverty. The Oregon EITC, which is currently an additional 9 percent on top of the federal EITC (12 percent if you have a child under 3), lifts even more families and children out of poverty.

The benefits from the EITC are legion: It helps the local economy by putting cash in the pockets of working families who then spend it locally on necessities; it disproportionately helps rural families and people of color; and it even reduces long-term costs to the state by improving child well-being, enhancing educational outcomes, and more.

However, Oregon's current EITC does not go far enough to help address rising costs and leaves out some workers. House Bill 2958 would increase the value of the EITC for current recipients, fix a flaw that excludes childless adults because of their age, and improve the credit delivery by opening the door to periodic payments and protecting it from garnishment.



Larger match percent: Oregon's EITC match of the federal EITC would increase from 9 percent to 20 percent as a baseline, and from 12 percent to 25 percent if you have a child under 3. This is where the vast majority of the cost comes from – but every dollar of that increase goes directly to working families. Consider a family making \$30,000 per year with three children, including a two year-old. They would currently receive about \$840 – under HB 2598 they would get \$1,750.

Include all childless adults: The federal EITC omits workers without kids who are under 25 or over 65. HB 2958 fixes this failure by ensuring anyone over 18, who is otherwise eligible, can get the EITC. Someone who is 23 or 68 and works in a low-wage job should not be excluded just because they do not have a dependent child.

Improve program design: The newly created Oregon Kids' Credit included two best practices in tax credit design the EITC should replicate. First, HB 2958 would protect the EITC from garnishment ensuring the credit helps meet the basic needs of families. Second, HB 2958 would send the benefits out quarterly, rather than annually, as soon as federal regulation allows it.

Strengthening the Earned Income Tax Credit is a smart, evidence-based policy that will reduce poverty and strengthen Oregon's economy. House Bill 2958 is a critical step towards helping working families meet the rising costs of living. We urge a "Yes" vote.

