

ANDREA VALDERRAMA
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February 25, 2025

Senate Committee on Early Childhood and Behavioral Health
Oregon Legislature
900 Court Street NE
Salem, OR 97301

RE: Testimony in Support of SB 694: Expansion of the Oregon Kids Credit

Chair Reynolds, Vice-Chair Anderson, and members of the Senate Committee on Early Childhood and Behavioral Health,

I am pleased to submit testimony supporting SB 694 - a bill to expand the Oregon Kids Credit.

In 2023, we passed HB 3235 to establish the Oregon Kids Credit. I was proud to be a chief sponsor of HB 3235 because it mitigates the negative impacts of poverty by providing eligible families with a yearly tax credit of \$1,000 per child. Families making up to \$25,000 receive the full credit, while the credit phases out between \$25,000 and \$30,000 in income. The Oregon Center for Public Policy estimates that about 55,000 Oregon children will be eligible for the Oregon Kids' Credit. And about 5,000 of those children will be pulled out of poverty.

Since its passage, 36,000 taxpayers have received the Oregon Kids Credit, which has provided \$39 million in relief to Oregon's families.

Low-income households shouldn't have to fight to afford basic everyday costs, but right now, that's exactly what's happening across Oregon and the country. Many working parents don't have enough money to provide a safe and nurturing environment for their children, free from homelessness, hunger, and toxic stress. The financial challenges of raising a family are more pronounced for Oregonians of color, where institutional and systemic barriers make it even more challenging to support a family, as well as families in rural Oregon communities.

Analysis by the Oregon Center for Public Policy also finds that the credit will help children living in every corner and every county of the state, especially children in rural communities and Black, Indigenous, and Latinx children.

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As the costs of housing, food, and other essentials to raising children continue to rise, the Oregon Kids' Credit can provide a lifeline for families struggling to get by. Low-income households shouldn't have to fight to afford basic everyday costs. The expansion in the bill would increase the credit amount from \$1,000 to \$1,200 per child six or under, pushing the income ceiling over Portland's minimum wage, which is \$15.45 (\$32,760 annually). It would increase the qualifying income limit from \$25,000 to \$35,000.

MFS CASH helps working families who are making \$60,000 or under in income per year with free tax filing assistance. They expressed that many families don't even know they qualify for tax credits like the Earned Income Tax Credit or the Kids Credit. They also shared that 273 out of the 9,100 families they assisted in 2024 were eligible for the Kids Credit. If this expansion had existed in 2024, they would have helped 313 more families in the \$30k-\$35k income bracket and 361 families in the \$35k-\$40k income bracket, serving 7% more families.

The Oregon Kids' Credit has strengthened the economic security of families all across the state. It lifts families of all races, especially families of color and families in rural Oregon. Ultimately, the Oregon Kids Credit expansion will help secure a brighter future for Oregon's children.

Members, please join me in supporting Oregon's parents and children and support the expansion of Oregon Kids' Credit, SB 694. I urge you all to support this bill and move it out of this committee.

Sincerely,

A handwritten signature in black ink, appearing to be "Andrea Valderrama", written in a cursive style.

Andrea Valderrama
Oregon State Representative
Outer East Portland – House District 47