



June 10, 2025

## Testimony on SB 120

Co-Chair Meek, Co-Chair Nathanson, 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 on Senate Bill 120 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 sunseting without action this session, and it is good to see that SB 120 with the -1 amendments does ensure the policy continues. However, it is a mistake to not take this once-every-six-year opportunity to strengthen the EITC.

A bill to expand the EITC is already in JTAX, HB 2958, which would double the EITC for a quarter-million working families. Incorporating these expansions into SB 120 is a necessary step. For a family of four making around \$30,000 per year, that EITC expansion would deliver an additional \$1,000. And that scenario would repeat all over the state for many families struggling with rising costs who can't afford rent, a car repair, or childcare. Those families are disproportionately families of color, or families that live in rural areas.

There is robust research showing that every dollar of the EITC brings back much more in returns due to families spending it in their local communities. The benefits of the credit are long lasting, as the EITC has been shown to improve children's health, school performance, and earnings when they become adults. Expanding the EITC is an investment in Oregon's future that will pay off with dividends.

While the most expensive provision in HB 2958 is the doubling of the increases in the percentage match of the federal EITC (12 percent if you have a child under 3 and 9 percent otherwise), those can be scaled down to match whatever resources the state has at its disposal. For example, a one percentage point bump costs



around \$5.5 million dollars per year. Even something that small would still be a help to the hundreds of thousands of Oregon families already eligible for the EITC.

The other provisions in HB 2958 are also valuable and much less expensive. Oregon should be prepared to provide quarterly payments of the EITC as soon as the federal government makes it possible with the trigger language included in HB 2958. There is also no reason to continue garnishing the state EITC from working families when the federal EITC and the Oregon Kids Credit are exempt from garnishment.

Now is the time for this committee to amend SB 120 to increase the EITC match, and include the quarterly payment trigger language and the protection from garnishment. You still have the opportunity to help a quarter million working families address rising costs by strengthening the EITC. Please don't leave these workers and their children behind.

