



*Helping working families and communities thrive—
a coalition to increase the Oregon Earned Income Tax Credit*

Talking Points on Increasing the Oregon Earned Income Tax Credit (EITC)

The Idea: *Help Oregonians thrive by expanding the state Earned Income Tax Credit.*

The reward for work should be a path out of poverty, an expansion of opportunity for workers and their children.

Oregon's Earned Income Tax Credit (EITC) provides support for hard-working families whose low wages leave them struggling to afford basic necessities and to get ahead. To underscore the strong connection between work and economic advancement, and to help propel working families with children out of poverty, the state must expand its Earned Income Tax Credit.

The Problem: *Oregon's tax system is unfair to low-wage working families.*

Oregon's low-wage workers pay state and local taxes at a higher rate than the most well-paid workers.

This unfairness in Oregon's tax system makes it more difficult for hard-working families to save enough to move into a better neighborhood, buy a more reliable car, or invest in a small business.

- The lowest 20 percent of non-elderly Oregon families pay 9.3 percent of their income in state and local taxes, while the top 1 percent of families pay only 6.7 percent.
- At the same time, Oregon offers one of the smallest state Earned Income Tax Credits (tied for sixth lowest of 24) in the nation.

How the Plan Would Work for Oregon: *Sharing prosperity with working families.*

Expanding Oregon's EITC is a simple way to make our tax system fairer.

The Oregon EITC was established with strong bipartisan support in 1997. Increasing it would cut taxes for one in seven Oregon households; it is a simple and effective way to target tax relief to low-income working families, especially those with children.

Increasing the state EITC from 6 percent of the federal credit to at least 18 percent will:

- Supplement the earnings of the average EITC household by about \$180. For a family of four living at the poverty line (an income of about \$21,000), it will mean about \$516 more, enough for a few credit hours at community college, a major car repair, or sports programs for their children.

- Put Oregon where it should be compared to other states by lifting Oregon's EITC rate from near the bottom to smack in the middle of the pack of states that offer Earned Income Tax Credits. State credits range from 3.5 percent to as high as 40 percent of the federal EITC.
- Benefit over 200,000 households or about one in seven Oregon taxpayers (14 percent). From Astoria to rural Malheur County and from Hood River to Klamath Falls, expanding the EITC is an important support for working families wherever they live.

Talking About It: *Making sure that working families and their children have a fair chance to succeed.*

Working families need a fair tax system. Oregon's income tax on the poor and near poor is among the highest in the nation. Most states do not tax below-poverty wages.

- Expanding the state EITC is a targeted and effective way to make Oregon's tax system fairer for low-income working families.
- Expanding the state EITC will help hard-working families afford both one-time expenses for getting ahead, such as car repairs and education, as well as basic necessities like gas, rent, and groceries.
- Research suggests that most EITC dollars are spent quickly and locally.
- Nearly all the benefit of the EITC goes to working families with children. Investing in these children is in Oregon's long-term interest.
- In Oregon we believe that hard-working families should be able to not only pay the rent and buy food and other necessities but also have the opportunity to get ahead. Right now, many hard-working families cannot afford even the basics. An expanded EITC will help low-income families thrive.

***For more information on the campaign to increase the Oregon Earned Income Tax Credit, contact:
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