



## **SB 349 Helps Working Families Get Ahead: Should be a Top Legislative Priority**

A strong work ethic is rightly among the most cherished of American values. In an ideal world, work alone would open the doors to opportunity. That's not the case, unfortunately, for many low- and moderate-income working families in Oregon struggling to make ends meet. But Oregon can make work more rewarding for low-income families and put dollars into local economies throughout the state by improving its Earned Income Tax Credit (EITC).

In the revenue-challenged 2011 session, improving the EITC should be a top priority. If the legislature can find the money to expand or extend an existing, or create a new, tax credit or deduction, it can find the money to enact Senate Bill 349's increase of the EITC.

### **The problem: Taxes hit low-income, working families hardest**

Oregon is in the minority of states that collects income tax from working families living below the poverty line. On top of that, other taxes and fees in Oregon's revenue system can hit low-income families hardest. For example, the January 1, 2011, gas tax increase, along with increased vehicle fees already in effect, takes a bigger bite out of the pocketbooks of low- and moderate-income working households compared to better-off households.

### **The policy solution: Improve the state's Earned Income Tax Credit This Session**

A state EITC is the most targeted way to improve the tax system for working families with children. SB 349 calls for an increase in Oregon's tax credit from its current 6 percent of the federal credit to 18 percent. Its enactment would:

- Cut taxes for one in seven Oregon households, targeting help to low-income working families with children.
- When fully implemented, boost the average EITC household's earnings by about \$215 a year. For a family of four at the poverty line (with income of about \$22,000) it would mean about \$587 extra each year.
- Benefit over 220,000 households from all corners of Oregon.
- Inject state tax dollars into communities throughout Oregon. EITC dollars are spent quickly and locally.

SB 349 must be at the top of the priority list. To ease its fiscal impact, the EITC increase in SB 349 would be phased in over three budget cycles.

### **Over 100 organizations agree**

Oregonians for Working Families consists of over 100 organizations calling on the legislature to improve Oregon's EITC and help working families get ahead.

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