

Oregon Income Taxes Reach Into Poverty

Oregon state income taxes hit working poor and near-poor families harder than income taxes in most other states.¹ Oregon's tax threshold, the level at which families begin to pay income taxes, is low compared to most states. And Oregon also imposes one of the heftier income tax bills on families with income at or slightly above the poverty line.

Oregon's 2010 income tax threshold is below the poverty line for working families

	<u>Rank</u> ² (1 = lowest threshold)
▪ For single-parent families of three: \$16,800 (\$574 below the poverty line)	10
▪ For two-parent families of four: \$19,900 (\$2,414 below the poverty line)	10

Oregon's 2010 income tax on working poor and near-poor families is relatively high

	<u>Rank</u> (1 = highest tax)
▪ For single-parent families of three with income at the poverty line (\$17,374): \$54	10
▪ For two-parent families of four with income at the poverty line (\$22,314): \$234	4
▪ For single-parent families of three with minimum-wage earnings (\$17,472): \$62	6
▪ For single-parent families of three with income at 125% of poverty line (\$21,718): \$475	5
▪ For two-parent families of four with income at 125% of poverty line (\$27,893): \$799	3

Oregon has consistently levied income tax on working poor families

- Oregon's tax threshold for families of four has increased since 1991, but it remains below the poverty line.
- Though efficient and well-targeted, Oregon's Earned Income Tax Credit (EITC) is too small. At 6 percent of the federal EITC, Oregon's EITC is one of the smallest among states that offer a credit. A meaningful boost to the Oregon EITC would prevent working families with children living in poverty from having to pay income taxes, as is already the case in the majority of states with income taxes.

¹ Source: Center on Budget and Policy Priorities, *The Impact of State Income Taxes on Low-Income Families in 2010*, November 15, 2011, available at www.cbpp.org

² Rankings are among the 42 states, including the District of Columbia, that levy an income tax.