

Testimony in Support of HB 4117

Chair Williams, Vice-Chair Ruiz, Vice-Chair Scharf, and Members of the Committee:

My name is Janet Bauer, Director of Policy Research at the Oregon Center for Public Policy. I respectfully submit this testimony in support of HB 4117 on behalf of the Center.

The Oregon Center for Public Policy is a think tank dedicated to improving economic outcomes for all Oregonians, particularly low-income families and Oregonians of color, through research and analysis.

HB 4117 would help address [Oregon's chronic, low participation rate in the Earned Income Tax Credit](#) (EITC) by expanding taxpayer assistance among communities most likely to face barriers to tax filing.

The EITC is a proven strategy for boosting the income of families surviving on low wages. Yet, [our analysis](#) of the most recently available data — from tax year 2018 — shows that Oregon was second-to-last in use of the credit among eligible families. More than one in four families qualifying for the benefit did not claim it, collectively missing out on \$84 million in federal dollars. This continued a long-term trend of poor participation.

The benefits of the EITC are well documented. Together with the federal Child Tax Credit, the federal EITC helped lift 129,000 Oregonians, including 65,000 children, out of poverty in the years after the Great Recession, from 2011 to 2013. For children, the EITC has a lasting impact. Research shows that tax credits such as the EITC improve child health, boost school performance, promote college enrollment, and increase earnings when children become adults.

Many households eligible for the EITC are not required to file a tax return due to their low incomes and face barriers to filing. Obstacles include complex tax forms, language issues, and misunderstandings about eligibility and benefits. Appropriate tax preparation assistance can overcome these challenges; however, Oregon's current network of free taxpayer services lacks cultural diversity and meets just a fraction of the need.

HB 4117 would provide grants to culturally-specific community-based organizations that are best suited to reaching the eligible households with free taxpayer assistance.

Investments this biennium will inform creation of a culturally responsive, robust network of taxpayer assistance in Oregon in subsequent years.

We urge you to support HB 4117.