

Testimony in Support of HB 4157: Cost of Living Support Payments

Chair Smith Warner, Vice-Chairs Breese-Iverson and Fahey, 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 4157, a proposal to make one-time payments to Oregonians surviving on low wages.

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 4157 makes a critical, timely investment in Oregonians struggling to get by on low wages during the pandemic. Oregon's low-wage workers were having a hard time making ends meet before the COVID-19 emergency. Then economic disruptions caused by the pandemic triggered a rise in the cost of goods. Inflation hit families paid low wages especially hard, making it more difficult to afford basic necessities.

Direct payments are a proven way to alleviate hardship. Studies of the recent federal stimulus payments – similar to those in HB 4157 -- indicate that lower-wage households primarily use the funds to pay for on-going expenses such as food and housing. With more money, households experienced reduced levels of anxiety and depression – an effect with long-term benefits, especially for children.

Oregon's economy is likely to benefit as well. The one-time payments will flow to households claiming the Earned Income Tax Credit (EITC). Eligible families tend to spend their refunds quickly at local businesses, as they make purchases to meet their basic needs. This spending generates more economic activity. Researchers estimate that each federal EITC dollar results in \$1.40 to \$1.58 in activity in the economy, as local businesses use EITC dollars to purchase goods and services needed to run their operations and pay employees, and employees in turn spend their earnings.

HB 4157 proposes an efficient mechanism for disbursing payments. It uses the eligibility standard for the Earned Income Tax Credit, an already well-targeted program. Because the Oregon Department of Revenue already knows who claimed the EITC in tax year 2020, it can issue the payments without the need for workers to file additional forms.

We note that because eligibility is based on tax forms filed for tax year 2020, the legislation will leave out a group of Oregon workers who would qualify for the payment if tax year 2022 were used instead. Last year, the Oregon legislature rightly extended the EITC to workers who would otherwise qualify for the tax credit but for the fact that they

file their taxes using an Individual Taxpayer Identification Number (ITIN), rather than a Social Security Number.

These immigrant workers also struggle to support their families on low wages, while performing some of the most arduous — and often essential — jobs in our state. Investing in EITC-eligible working families promotes equity, the well-being of large numbers of Oregon children, and healthy local economies. Therefore, we urge you to support a separate budget request to invest in one-time payments paid through the Oregon Worker Relief Fund to ITIN filers who would qualify for the EITC but for the implementation timing of the EITC expansion. This must be an additional investment on top of the \$60 million budget request needed to continue the existing important work of the Oregon Worker Relief Fund.

HB 4157 is one of the most meaningful investments Oregon can make in ensuring an equitable and rapid recovery for Oregon's low-wage workers. We respectfully urge you to support HB 4157.