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Senate votes to support informing workers about tax credits

SB 398 requires employers to provide information and resources to employees

SALEM – Hard-working Oregonians should be informed about the tax credits available to them and provided with the informational resources they need to get the refunds they are due.

That's the intention of Senate Bill 398, which passed the Oregon Senate on a 19-9 vote on Wednesday. The bill requires the Oregon Labor Commissioner to adopt rules requiring employers to provide annual, written notice to employees about the Earned Income Tax Credit, including website addresses for the Internal Revenue Service and the Oregon Department of Revenue.

"This bill aims to increase awareness of the EITC to qualifying Oregonians and increases utilization in Oregon by providing information and making the process of filing for the EITC easier to understand," said Elizabeth Steiner Hayward (D-Beaverton and NW Portland), who carried the bill. "Ultimately, the bill is a simple and easy fix that removes unnecessary barriers to the EITC and empowers more Oregonians to file for the tax credit, bringing more money into their pockets and into local economies."

Notice is to be included with the employee's annual federal W-2 form, provided by the employer, in English and the employee's primary language. The Bureau of Labor and Industries would be required to provide notice to employees in state minimum wage posters about earned income tax credits. The Oregon Employment Department would be required to provide information to unemployment insurance benefit recipients about the EITC, as well.

The Earned Income Tax Credit is a federal tax benefit for working people with low to moderate incomes. Taxpayers eligible for the EITC may claim an Oregon credit equal to 8 percent of the

federal credit. As of January 2017, the Oregon credit is 11 percent of the EITC for taxpayers with a dependent child younger than 3. In 2013 alone, the EITC lifted 9.4 million people out of poverty.

In 2016, Oregonians submitted 274,000 EITC claims and received a total of \$586 million in credits. The average EITC for Oregon taxpayers was \$2,136. In 2013 – the most recent year of available statistics – Oregon’s participation in the EITC was 74 percent, falling well below the 80-percent national average.

“Over 600,000 people in Oregon are living in poverty, including one in five children,” Steiner Hayward said. “Studies show that the EITC helps lift over half of the children whose families benefit from that tax credit out of poverty. In combination with the child care credit, an estimated 65,000 of Oregon’s children were lifted above poverty.”

SB 398 now goes to the House of Representatives for consideration.

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