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Senate adopts new tax policy, ignores low-income tax relief

Earned Income Tax Credit not expanded in reconnect bill

Salem, OR – The State Senate passed House Bill 2492 Thursday, a bill providing technical changes to the Oregon tax code, but left out a key provision reconnecting to the federal Earned Income Tax Credit. The credit, which provides low-income Oregonians with a tax relief, is set to expire this year and could have been expanded in the bill.

"The Senate missed an opportunity to extend tax relief to those hit hardest in this tough economy," said Senator Chuck Thomsen (R-Hood River), who sponsored legislation to extend and expand the credit. "An extra hundred bucks can be used to pay off debt, put money into a savings account or take the family out for a night. The Earned Income Tax Credit helps hurting families get back on their feet."

House Bill 2492 updates the definitions in Oregon's tax code to mirror definitions in certain portions of federal tax code. The bill failed to connect to the federal definition of the Earned Income Tax Credit, which would have expanded the credit in Oregon.

Simply extending the EITC would provide a maximum benefit of $353 for a family with three children making $20,000. If the EITC were expanded to the 10% level that benefit would go up to $589 for a family with three children.

The earned income credit can only be claimed by someone who can claim wages, salaries, tips, income or disability on their income taxes.

"We should be putting Oregon's working class families first," said Thomsen. "Instead, this bill leaves them out completely."

Extension and expansion of the earned income tax credit is part of the Senate Republican 2013 "Prosperity for All" legislative agenda

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