

## 2025 Lobby Day

**SB 694: Child Care Tax Credit Raises the amount of the child tax credit (Oregon Kids Credit) from \$1,000 to \$1,200 per dependent and increases the annual income limit for eligibility from \$25,000 per year to \$35,000 for the full credit and from \$30,000 per year to \$45,000 for the partial credit.**

Talking points:

A. Expanding the Oregon Kids Credit, which is focused on 0-5 year olds, literally has the power to shape developing brains. Early experiences, good and bad, have a profound and lasting impact on brain development. Strengthening economic support to families is a strategy recommended by the CDC to prevent Adverse Childhood Experiences(ACEs), thereby supporting child development.

B. The Oregon Kids Credit expansion increases resources available to families, eases family financial stress, and increases family well-being, thereby reducing harm to children.

C. One study has identified a trend in declining emergency department visits for abuse and neglect following the enactment of the expanded tax credit and, in a separate study, research has shown an immediate 14% reduction in calls to the child abuse hotline following the distribution of tax credit payments. 1

D. A tax credit of \$1,200 may come close to covering the costs of formula for one year, as an example, which studies show costs between \$760 and \$2,280 annually. This investment is preventative and will ensure savings in education, social services, and justice, in the long run. Supporting families with the necessities will allow them to focus on issues other than emergency situations to support a better quality of life longer term.

E. In 2022, 144,210 Oregonian children lived with food insecurity – an indicator of poverty– and that number is slightly over 17% of all our kids. When children go to bed hungry or start their day without adequate nutrition, they have trouble concentrating and are poor learners. Evidence points to the Child Tax Credit expansion, part of the American Rescue Plan Act of 2021, as a huge win. Child poverty in the US had the greatest reduction ever recorded, falling nearly in half

(9.7% to 5.2%). After the expansion expired in January 2022, child poverty spiked by 41%. Today, Oregon has a chance to restore this reduction and move toward ending child poverty.

**Senate Bill 694:** This measure raises the amount of the child tax credit (Oregon Kids Credit) from \$1,000 to \$1,200 per dependent and increases the annual income limit for eligibility from \$25,000 per year to \$35,000 for the full credit and from \$30,000 per year to \$45,000 for the partial credit.

**Committee:** Senate Committee on Early Childhood and Behavioral Health (Public Hearing held on February 25; Work Session scheduled for March 11). Subsequent referral: Senate Committee on Finance and Revenue and Joint Committee on Tax Expenditures.

**Sponsors:** Chief Sponsors are Senator Reynolds, Representatives Grayber, Neron and Valderamma. Regular Sponsors are Senator Gelser Blouin and Representative Nelson.

**Other Organizations in Support:** Nurse-Family Partnership (home visiting); Oregon Early Learning Hub Association; Prevent Child Abuse Oregon; Children's Institute; Oregon Pediatric Society (chapter of American Academy of Pediatrics, Inc in Oregon); Oregon Center for Public Policy; Multnomah County Health Department; Old Mill Center for Children and Families.

**Issue:** A state tax credit is a reduction in the amount of taxes owed to the State of Oregon, which may include both income and excise taxes owed by individuals and corporations. Oregon law provides for several types of tax credits that are designed to incentivize certain behavior or alleviate pressures faced by taxpayers. Certain tax credits may be refundable, meaning that the amount refunded to the taxpayer may exceed the amount of taxes paid to the state, resulting in a net benefit to the taxpayer.

House Bill 3235 (2023) created a refundable income tax credit, known as the Oregon Kids Credit, for residents with qualifying dependent children under the age of six. The credit can be claimed for up to five qualifying dependent children per taxpayer.

Senate Bill 694 modifies the Oregon Kids Credit by increasing the income limit and maximum amount of the credit.

**Benefits:**

- A. Expanding the Oregon Kids Credit, which is focused on 0-5 year olds, literally has the power to shape developing brains. Early experiences, good and bad, have a profound and lasting impact on brain development. Strengthening economic

support to families is a strategy recommended by the CDC to prevent Adverse Childhood Experiences (ACEs), thereby supporting child development.

- B. The Oregon Kids Credit expansion increases resources available to families, eases family financial stress, and increases family well-being, thereby reducing harm to children.
- C. One study has identified a trend in declining emergency department visits for abuse and neglect following the enactment of the expanded tax credit and, in a separate study, research has shown an immediate 14% reduction in calls to the child abuse hotline following the distribution of tax credit payments.<sup>1</sup>
- D. A tax credit of \$1,200 may come close to covering the costs of formula for one year, as an example, which studies show costs between \$760 and \$2,280 annually. This investment is preventative and will ensure savings in education, social services, and justice, in the long run. Supporting families with the necessities will allow them to focus on issues other than emergency situations to support a better quality of life longer term.

In 2022, 144,210 Oregonian children lived with food insecurity – an indicator of poverty – and that number is slightly over 17% of all our kids. When children go to bed hungry or start their day without adequate nutrition, they have trouble concentrating and are poor learners. Evidence points to the Child Tax Credit expansion, part of the American Rescue Plan Act of 2021, as a huge win. Child poverty in the US had the greatest reduction ever recorded, falling nearly in half (9.7% to 5.2%). After the expansion expired in January 2022, child poverty spiked by 41%. Today, Oregon has a chance to restore this reduction and move toward ending child poverty.

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<sup>1</sup> Bullinger, L.R., & Boy A. (2023) Association of Expanded Child Tax Credit Payments With Child Abuse and Neglect Emergency Department Visits. *JAMA Network Open*. 2-23 Feb 1;6(2):e2255639. doi: 10.1001/jamanetworkopen.2022.55639. PMID: 367954; PMCID: PMC9936349 AND Merrill-Francis, M., Chen, M.S., Dunphy, C., et al. Injury Prevention Publication ahead of print: Received October 2, 2023.. doi:10.1136/ip-2023-045130.