

March 14, 2017



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**Oregon Progressive Party
Position on Bill at 2017
Session of Oregon Legislature:**

SB 592: Support as a small first step to income tax reform

Dear Committee:

The Oregon Progressive Party (OPP) supports this bill, which would reduce personal income tax rates, mainly for low-income taxpayers.

Oregon has among the highest income taxes on persons and families living at or near the poverty line. The attached table prepared in 2014 by the National Center for Children in Poverty shows that Oregon has 9th highest income tax burden on families of 3 (2 children) living at the poverty line and the 5th highest income tax burden on families of 4 (2 children) living at the poverty line.

It would seem to make little sense to provide programs to assist low-income families and then impose upon the same families a high level of income taxes. And imposing income tax liability at very low levels of income also creates a paperwork burden for employers and the state in the form of unnecessary withholdings and unnecessary tax return filings.

Even The Oregonian's editorial board calls Oregon's income tax brackets "crazy." Oregonian, August 29, 2015.

SB 592 is a small start in the right direction but does not go far enough. It still imposes a 5% state income tax down to the first dollar of taxable income and up to \$6,300. It then imposes a 7% state income tax for taxable income between \$6,300 and \$15,900. We suggest eliminating those brackets or setting them to 0%.

Oregon Progressive Party

David Delk

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Taxing the Poor

State Income Tax Policies Make a Big Difference to Working Families

Seth Hartig | Curtis Skinner | Mercedes Ekono

November 2014



Table 1: State and District of Columbia income tax liabilities at the poverty level (2013)⁵

State income tax burden on family of 3 with 2 children		State income tax burden on family of 4 with 2 children	
State	Tax burden (\$)	State	Tax burden (\$)
ALABAMA	413	ALABAMA	588
HAWAII	272	HAWAII	317
GEORGIA	212	MONTANA	240
MONTANA	174	ILLINOIS	240
MISSISSIPPI	131	OREGON	230
ILLINOIS	112	GEORGIA	202
MISSOURI	89	INDIANA	196
LOUISIANA	81	MISSISSIPPI	121
OREGON	81	MISSOURI	120
ARIZONA	0	KENTUCKY	97
ARKANSAS	0	ARIZONA	73
CALIFORNIA	0	ARKANSAS	72
COLORADO	0	WEST VIRGINIA	53
DELAWARE	0	LOUISIANA	46
IDAHO	0	NORTH CAROLINA	23
KENTUCKY	0	MICHIGAN	20
MAINE	0	CALIFORNIA	0
NORTH DAKOTA	0	COLORADO	0
OHIO	0	DELAWARE	0
PENNSYLVANIA	0	IDAHO	0
SOUTH CAROLINA	0	MAINE	0
UTAH	0	NORTH DAKOTA	0
VIRGINIA	0	OHIO	0
WEST VIRGINIA	0	PENNSYLVANIA	0
MICHIGAN	-13	SOUTH CAROLINA	0
NORTH CAROLINA	-17	UTAH	0
INDIANA	-26	VIRGINIA	0
RHODE ISLAND	-192	IOWA	-126
OKLAHOMA	-256	RHODE ISLAND	-195
WISCONSIN	-349	OKLAHOMA	-261
IOWA	-412	WISCONSIN	-412
NEBRASKA	-511	MASSACHUSETTS	-487
NEW MEXICO	-561	NEBRASKA	-521
MASSACHUSETTS	-621	NEW MEXICO	-521
KANSAS	-741	KANSAS	-672
NEW JERSEY	-1,022	NEW JERSEY	-782
MARYLAND	-1,037	MARYLAND	-1,010
CONNECTICUT	-1,278	CONNECTICUT	-1,303
MINNESOTA	-1,343	DISTRICT OF COLUMBIA	-1,515
VERMONT	-1,635	VERMONT	-1,668
DISTRICT OF COLUMBIA	-1,725	MINNESOTA	-1,879
NEW YORK	-1,954	NEW YORK	-1,975
U.S. (federal return)	-7,213	U.S. (federal return)	-7,110

Note: Negative values indicate income tax refunds.

Source: NCCP analysis of state and federal income tax regulations. Please access NCCP's *Fifty State Policy Tracker* web-based tool at <http://www.nccp.org/tools/policy/> for annually updated information on state tax policy and income/work supports.