


Oregon Kids Credit aims to invest in children's future

By DANIEL BROOKS Willowa County Chieftain Apr 6, 2024  0

Low-income families in Oregon can claim a new state tax credit this year to help ease the high cost of child-rearing.

Approved by the Legislature last year, the Oregon Kids Credit goes into effect with this year's tax-filing season. The new refundable tax credit is available to families with a modified adjusted gross income of \$25,000 or less.

The credit is \$1,000 per child for up to five dependent children aged 5 or younger as of the end of the tax year. Above a modified adjusted gross income of \$25,000 the credit is reduced, and it is completely phased out above a modified adjusted gross income of \$30,000.

Those who don't owe any tax for 2023 can still claim the refundable credits.

"So, if your family makes \$25,000 a year, you have two kids, you can apply for this credit and you'll get \$2,000," said Juan Carlos Ordóñez, communications director for the Oregon Center for Public Policy. "The way you apply, the way you qualify for the credit, is simply file a tax return. That's the essential step that you need to take."

Lawmakers created the credit with the goal of giving kids a good start in life, Ordóñez added.

“This tax credit is really targeted at the families who are struggling, the most low income families raising kids,” he said. “We know that investing in children at an early age is the best, one of the best, (steps) that our state can take.”

Ordóñez emphasized that the Oregon Kids Credit will have ripple effects that will benefit all Oregonians, not just the families who are eligible to receive it.

“It’s incredibly effective at making sure that kids develop properly,” he said. “That gives them a chance to fulfill their potential. We know from the research that these kinds of tax credits help improve their health and their life outcomes.”

There is a precedent for this new tax credit — and its potential social benefits — on the federal level, Ordóñez noted.

“In 2021, Congress passed the enhanced federal child tax credit,” he said. “It increased the amount, but crucially, it made it fully available to the lowest-income families, and what we saw as a result of that one year ... it was largely responsible for childhood poverty dropping by half in our country.”

Rep. Greg Smith, R-Heppner, co-sponsored the bill that created the Oregon Kids Credit. Like Ordóñez, he touted the measure’s potential to make life better for children in low-income households.

“By providing this tax credit, it’s a small step in reducing childhood poverty,” he said. “It’s not going to eliminate childhood poverty, but it is going to take steps in the correct direction.”

Smith pushed back on the notion that the credit is simply a handout, insisting that it will have downstream benefits for all Oregonians.

“Some may argue this isn’t a conservative program, but I would argue the opposite,” he said.

“The reality is, the more we can help children today, the more it’s going to pay off for Oregon in the future.”

Money is being spent, in a variety of ways, on children in Oregon every year. How much is spent and how that money should be spent is up for debate.

Smith views the new tax credit as another way to help ensure Oregon’s children grow up to be solid citizens, the same way school enrichment programs do.

“You know, whether it’s 4H or FFA or music and band and drama ... we just know it’s better to invest in those programs and keep kids productively busy in a positive way than not,” he said.

Ordóñez agreed, adding that what the state puts into the Oregon Kids Credit will be money well spent.

“It’s a long term investment,” he said. “The return of that investment is going to take some time to pay off, but it will pay off.”