

Considering the Health Impacts of Tax Reform in Oregon

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Background

- Elected officials, advocacy organizations, and citizens have been pondering comprehensive tax reform in Oregon for decades
- Missing in these debates is discussion of the effects of taxes on the health of Oregonians
 - Many people don't understand the connections between taxes and health
- “We clearly have to take on the issue of comprehensive reform of our system of public finance,” Kitzhaber said, “which I intend to apply myself to rather vigorously, starting tomorrow.”
The Oregonian, October 12, 2013

Discussion Paper

Economic Policy: An Important (But Overlooked) Piece of “Health in All Policies”

Elizabeth Rigby*

September 18, 2013

**Participant in the activities of the IOM Roundtable on Population Health Improvement*


The views expressed in this discussion paper are those of the author and not necessarily of the author's organization or of the Institute of Medicine. The paper is intended to help inform and stimulate discussion. It has not been subjected to the review procedures of the Institute of Medicine and is not a report of the Institute of Medicine or of the National Research Council.

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Health Impact Assessment?

- “...by overlooking a whole set of policies shaping the distribution of income and wealth in our country, we may risk missing many of the most promising policy levers available for reducing socioeconomic disparities in Americans’ health” (Rigby, 2013)
- My favorite Linked  anecdote
- Conversation with Health Impact Project at Pew Foundation
- They thought the idea was sweet, but didn’t have \$100,000 lying around

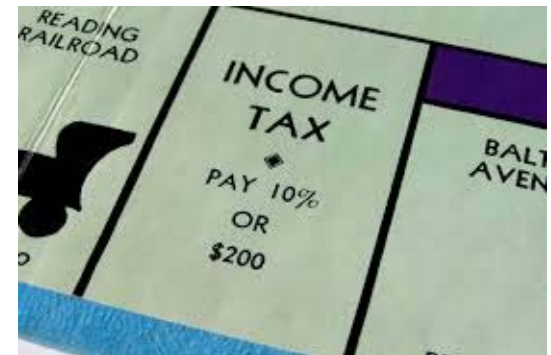


A more doable project

- Four commentaries
 - Written by national experts in their fields
 - About 1500 words each
- Everyone we approached agreed!
 - Income taxes: Ichiro Kawachi, Rourke O'Brien, Jessica Allia Williams
 - Excise taxes: Frank Chaloupka
 - Sales taxes: Katherine Newman
 - Earned Income Tax Credit: David Rehkopf

Income taxes

- Federal income has become more regressive, but still more progressive than most states
- In Oregon, majority of wage earners pay same marginal tax rate of 9% (applies to couples earning \$16,000 to \$250,000)
- Income inequality is associated with worse population health outcomes
- Marginal tax rates and deductions can be modified to decrease tax burden of low-income households
- Annual tax refunds can be used to encourage savings



Excise taxes

- Each year in Oregon, Cigarette smoking causes:
 - 7,000 premature deaths
 - \$2.5 billion in healthcare spending
- Oregon's cigarette tax (\$1.32) is below the national average
- \$1 increase per pack would lead to
 - 14,000 fewer youth starting
 - 17,500 adults quitting
 - Lower healthcare costs
- Improved health outcomes with taxes on other consumables with negative health impacts



Earned Income Tax Credit

- Federal Earned Income Tax Credit (EITC)
 - Participants must be employed
 - The tax credit augments earned income
 - Eligibility ends for couples earning over \$50,000
 - 24 states including Oregon have a state EITC
 - Average state EITC is 18% of the federal EITC
 - Oregon's is 8% of federal EITC
- Studies show that the EITC has
 - Decreased number of low birthweight babies
 - Decreases smoking prevalence
 - Improves mental health for mothers

SCHEDULE EIC
Form 1043 or 1043-SS
2015

Earned Income Credit
Qualifying Child Information

Department of the Treasury
Internal Revenue Service

• See the instructions for Forms 1043A, 1043, 1043-EZ, and 1043-SS, and the instructions for Form 1043-SS, to make sure that you can take the EIC, and the you have a qualifying child.
• If you have more than one child, you must enter the child's name on line 1 and social security number (SSN) on line 2 along with the child's social security card. Otherwise, at the time we process your return, we may reduce or disallow your EIC. If the name or SSN on the child's social security card is incorrect, call the Social Security Administration at 1-800-772-1233.

Before you begin:

- If you can't claim the EIC for a child who didn't live with you for more than half of the year.
- If you take the EIC, even though you are not eligible, you may not be allowed to take the credit for up to 30 years. See the instructions for details.
- It will take us longer to process your return and issue your refund if you do not fill in all lines that apply for each qualifying child.

Qualifying Child Information

	Child 1	Child 2	Child 3
1 Child's name If you have more than three qualifying children, you have to list each child to get the maximum credit.	First name Last name	First name Last name	First name Last name
2 Child's SSN The child must have an SSN as defined in the instructions for Forms 1043A, 1043, and 1043-EZ, or Form 1043-SS, lines 10a and 10b, unless the child was born and died in 2015. If your child was born and died in 2015 and did not have an SSN, enter "Dead" on this line and attach a copy of the child's birth certificate, death certificate, or hospital medical records.			
3 Child's year of birth	Year From after 1981 and the child's 18th birthday before 2016. Do not enter 2015 or 2016.	Year From after 1981 and the child's 18th birthday before 2016. Do not enter 2015 or 2016.	Year From after 1981 and the child's 18th birthday before 2016. Do not enter 2015 or 2016.
4 If the child under age 18 at the end of 2015, is a student, and younger than you or your spouse, or filing jointly?	<input type="checkbox"/> Yes <input type="checkbox"/> No Go to line 4b.	<input type="checkbox"/> Yes <input type="checkbox"/> No Go to line 4b.	<input type="checkbox"/> Yes <input type="checkbox"/> No Go to line 4b.
5 Is the child permanently and totally disabled during any part of 2015?	<input type="checkbox"/> Yes <input type="checkbox"/> No Go to line 5.	<input type="checkbox"/> Yes <input type="checkbox"/> No The child is not a qualifying child.	<input type="checkbox"/> Yes <input type="checkbox"/> No The child is not a qualifying child.
6 Child's relationship to you (for example, son, daughter, grandchild, step-son, foster child, etc.)			
7 Number of months child lived with you in the United States during 2015. • If the child lived with you for more than half of 2015 but less than 7 months, enter "7." • If the child was born or died in 2015 and you began using the child's SSN for work during 2015, enter "12." Do not enter more than 12 months.	months Do not enter more than 12 months.	months Do not enter more than 12 months.	months Do not enter more than 12 months.

© 2015 The Department of the Treasury, Internal Revenue Service. See your tax return instructions. Cat. No. 1510006 Schedule EIC (Form 1043 or 1043-SS)

Conclusions

- Specific taxes can have large impacts on health
- Important to assess total tax bill on low-income families
- Further research would continue to inform the debate on potential modifications taxes in Oregon
- Research also needed on the impacts of government spending
 - E.g., Study of ballot measure 50 (2007) which would have increased tobacco tax with revenue funding healthcare for low-income children

Dissemination



- Two audiences
 - In Oregon: Inform policymakers and voters
 - Nationally: Public health groups; policymakers would be nice
- Best timing?



Thank You!

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