



State of Connecticut
GENERAL ASSEMBLY



Commission on Children

Testimony before the Human Services Committee
Thursday, February 21, 2008
Senate Bill 163, An Act Concerning a State Earned Income Tax Credit

Submitted by Elizabeth C. Brown, Legislative Director

Good Morning Senator Harris and Representative Villano and members of the Human Services Committee. My name is Liz Brown and I am here before you this morning representing the Commission on Children to speak in favor of the enactment of a state earned income tax credit. Senate Bill 163, An Act Concerning a State Earned Income Tax Credit.

The federal earned income tax credit has assisted many of Connecticut's low and moderate income working families since its inception in 1975. The federal program has been widely praised for its success in supporting work and reducing poverty – it has been a strong and successful complement to welfare reform efforts across the country and in our own state. With many low income families working two and three jobs to make ends meet, the EITC acts as an incentive to these hard working families and bolsters household income.

The success of the federal program has led many states to enact a state Earned Income Tax Credit to supplement the federal credit. As policymakers, they recognize the continued importance of promoting economic stability for hardworking low income wage earners. In fact nineteen states, including each of our New England neighbors have enacted state EITCs and the poverty reduction results – particularly for children living in poverty - have been remarkable.

The Child Poverty and Prevention Council is charged with reducing child poverty by 50% by the year 2014. On December 7, 2007, national experts met in Connecticut and identified programs/policies that research tells us helps low income wage earners augment their income. Top on the list is the Earned Income Tax Credit. Research indicates that it extremely effective in getting real dollars to low income families.

A state EITC would provide a boost in consumer spending which translates into an economic stimulus for the local economy as families have more disposal income available to them. The EITC economic policy has received bipartisan support as “the greatest anti-poverty measure”.

State EITCs have been shown to support the long term economic stability of low and moderate income families who have long since left the welfare roles or those who have never received welfare benefits – it has been demonstrated to be a successful “welfare prevention” initiative as well.

Research shows that many EITC families use their refunds to meet day-to-day expenses but also to make the kind of investments – like paying off debt, supporting educational pursuits and obtaining stable housing – that have been proven to enhance economic security, promote economic opportunity and reduce the need to return to welfare assistance.

The Commission urges the Committee to pass this law that has proven the test of “results based accountability” for helping low income working families. It is our hope that we can learn from neighboring states and national experts who have studied several models of financing a state earned income tax credit program and move forward to support low and moderate income Connecticut residents and their children by enacting Senate Bill 163.

Thank you for allowing me to testify today.