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RE: S.B. 146
State Earned Income Tax Credit

As a VITA (Volunteer Income Tax Assistance) site coordinator, I work with many Connecticut taxpayers who are recipients of the Federal Earned Income Tax Credit. The EITC is a lifeline for these taxpayers. Typically, low income wage earners are unable to save enough to cover unforeseen expenses, or to purchase large ticket items such as furniture or appliances. Time and time again I have had these taxpayers state that they have waited for their tax refunds, including the EITC, to buy a new couch, or pay their winter heating bills. It becomes clear that when former President Ronald Reagan touted the EITC as one of the most significant means of helping reduce poverty, he was on firm ground.

In addition, as Supervisor of the ACCESS Agency's IDA (Individual Development Account) Program, I have had at least 75% of our IDA clients reach their savings goals and purchase their assets by utilizing their EITC funds. For most of these families, purchasing a home or continuing their education would not have been possible without their Federal EITC.

The benefits to our communities are immeasurable. In addition to helping these families and individuals out of poverty, their dollars are thrust back into the community and help to raise standards of living for many more community members. A State Earned Income Tax Credit would only increase the benefits for Connecticut residents. Additionally, a State EITC would help reduce the inequity that causes low income families to pay more than their share of combined sales, property and excise taxes.

As a tax expenditure, a state EITC would fall outside of the spending cap as it is currently configured; this is another positive aspect of the bill.

In closing, I urge you to support this vitally important legislation. The positive benefits to the residents of our state are many and any negative impact virtually nonexistent. Thank you for your consideration.