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THE VOICE OF LOCAL GOVERNMENT

**TESTIMONY**  
of the  
**CONNECTICUT CONFERENCE OF MUNICIPALITIES**  
to the  
**HUMAN SERVICES COMMITTEE**

February 21, 2008

The Connecticut Conference of Municipalities appreciates the opportunity to submit testimony on this issue of concern to towns and cities.

**S.B. 163, "An Act Concerning A State Earned Income Tax Credit."**

CCM supports S.B. 163.

S.B. 163 would create a state level earned income tax credit equaling twenty per cent of the federal earned income tax credit. The Federal earned income tax credit is a refundable federal tax for working individuals and families who have earned income under \$39, 783. A Connecticut earned income tax credit would combine with the federal earned income tax credit to provide low-income working families an additional refund, even if they do not owe the state income taxes, making the state earned income tax credit refundable as well.

The state earned income tax credit (EITC) is great for Connecticut's towns and cities. Research shows that EITC credits are returned quickly to the local economies of the areas that have the greatest poverty, as low-income working families pay utility and rent bills, buy clothing for their children and meet other essential needs. Enacting a state earned income tax credit is great public policy at a time when the economy is tight and many families are struggling to make ends meet.

CCM urges the committee to create a state level earned income tax credit to bring the necessary relief to Connecticut's low-income working families and help stimulate the states local economies.

CCM urges the committee to *favorably report* this bill.

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If you have any questions, please call Donna Hamzy, CCM's Legislative Analyst, or Ron Thomas, CCM's Manager of State and Federal Relations, at (203) 498-3000.