



CONNECTICUT
ASSOCIATION
of **NONPROFITS**

*...to serve, strengthen
and support Connecticut's
nonprofit community.*

Testimony to the Human Services Committee
2/21/08 Public Hearing – written record only

In support of:
Raised SB 163, AAC a State Earned Income Tax Credit

BY LIZA ANDREWS, PUBLIC POLICY SPECIALIST

The Connecticut Association of Nonprofits represents over 500 nonprofit organizations in CT, approximately 300 of which are state funded. Many of our members are supportive of a State Earned Income Tax Credit (EITC) that would provide tax relief to low-wage working families. The State EITC would help many struggling families make ends meet.

A State EITC would:

- **Reward Hard Work** – the credit will only go to low-wage earners – many of whom work multiple jobs and struggle to make ends meet.
- **Assist Low-Wage Earners** – only those earning on the low end can take advantage of the credit. That means a family of four earning no more than \$40,000 would receive up to 20% of their federal EITC credit, or a maximum of \$943.
- **Stimulate the Local Economy** – EITC filers spend the refund in their local communities on basic household necessities.
- **Reduce Poverty** – a major goal of the nonprofit sector and the General Assembly. The federal EITC reduces child poverty by nearly 25% and a state EITC can only build on those benefits.
- **Make the State Tax System More Equitable** – Connecticut workers earning less than \$21,000 pay on average more than twice the rate on combined sales, property, excise, and income taxes than the wealthiest 1% of state residents who earn more than \$500,000.

I urge you to support this important measure. Please feel free to contact me with any questions or to be put in touch with a nonprofit organization in your community that can provide additional details.

Thank you.