



Connecticut General Assembly
Human Services Committee
February 21, 2008

Testimony Supporting
S. B. No. 163 (RAISED) AN ACT CONCERNING A STATE EARNED INCOME TAX CREDIT
Presented by Donna Taglianetti
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Thank you for the opportunity to speak on behalf of a state Earned Income Tax Credit. I am Donna Taglianetti and I am the executive director of Co-opportunity, Inc. We lead the Hartford Asset Building Collaborative, a consortium of community based agencies dedicated to increase the income, earnings and assets of low-wage working families. Members include the Urban League, the Village for Families & Children, the YWCA and other community-based nonprofits.

HABC manages and coordinates the annual Hartford Earned Income Tax Credit Campaign. The campaign promotes the federal Earned Income Tax Credit throughout greater Hartford and provides free tax preparation at 14 IRS-affiliated Volunteer Income Tax Assistance (VITA) sites readily accessible from all of Hartford's neighborhoods and nearby communities.

Since 1987 Co-opportunity has helped low- and moderate-income Connecticut families achieve greater financial stability through financial education, counseling, savings and investment, and workforce development programs. Over the years we have served well over 15,000 families. We have extensive experience addressing the learning needs of our clients, helping them gain knowledge and change spending behaviors. We equip them with skills and provide access to mainstream financial institutions to help them become more economically secure, find opportunities to increase earnings and income, and build assets. Our success pays off both for the individuals and families, who are the direct beneficiaries, and for Connecticut's communities, which benefit from a larger pool of homebuyers and qualified workers.

I am providing this testimony on the basis of this experience. I strongly urge the Legislature to pass the proposed state Earned Income Tax Credit, pegged at 20% of the federal EITC. I intend to convey the same message in equally vigorous terms to Governor Rell. In 2007, we filed tax returns for 3,672 families. Their median household income was approximately \$15,000 and 1,395 (38%) of them claimed the federal EITC. The average EITC claim came to \$1,481. A 20% state EITC would have provided each of these families with an additional \$296 – a very significant sum for a working family living at or below the federal poverty line of around \$20,000 for a family of four. Our experience indicates that virtually every dollar of this would be spent on essentials, such as food, shelter, clothing, utility bills, healthcare, and personal needs – and would therefore circulate quickly back through the local economy.

To offer another perspective on this – the 2005, 2006, and 2007 Hartford EITC campaigns served filers who claimed a total of almost \$5.2 million in Earned Income Tax Credits alone, dollars they spent, according to our surveys, primarily on services and products sold by Connecticut businesses. A state EITC would have caused another \$1 million to circulate in the poorest



neighborhoods and towns in greater Hartford. Taking into account the multiplier effect that can be associated with every dollar that circulates, from a purely economic standpoint it is hard to overestimate the return on investment a modest state EITC would generate for the local economy and the state's economy as a whole.

In other words, as a strategy for combating poverty on the individual and family level, EITC enjoys widespread bi-partisan support from both public policy researchers and public officials, because it is so efficacious. It is by no means a give-away. It is an investment in the citizens who are struggling to improve their financial circumstances through hard work and smart money management. If that were not reason enough, taking into consideration the overall economic impact of an EITC, there are in fact few more prudent ways Connecticut could invest a truly modest amount of tax-payer-generated revenues and achieve such outstanding results.

I am the product of first-generation working class parents who struggled most of their lives to make sure my sister and I had a good life and a good education. The American Dream was real to them. Today, my work is focused on helping others realize that same dream. Unfortunately, hard work, determination and playing by the rules no longer assure success. Working families need the hand-up a state can provide.

In closing, I would draw your attention to the fact that you will also receive testimony from several Co-opportunity staff members, who know first hand the power of the EITC they received when they filed federal income taxes. They leveraged those dollars to invest in their future and are now homeowners to the benefit of their families and the community. Besides their own experiences, they also have stories to tell about numerous clients who continue to struggle to reach a tipping point where the path to greater financial stability opens up for them. I hope you will pay close attention to their testimony. They know where the rubber hits the road. They have been there themselves and they receive daily reminders of the importance of a state EITC from the hundreds of people they work with each year.

Thank you for your consideration.

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