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**Testimony Before the Finance, Revenue, and Bonding Committee  
S.B. 1007, An Act Concerning the Governor's Revenue Plan  
Submitted by Shannon Houston, MSW, VITA Project Coordinator,  
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March 7, 2011**

Good afternoon Senator Daily, Representative Widlitz, and members of the Finance, Revenue and Bonding Committee. My name is Shannon Houston, and I am a social worker serving as an organizer for the Volunteer Income Tax Assistance (VITA) campaign coordinated by the Connecticut Association for Human Services (CAHS). I am submitting this testimony in support of S.B. 1007 – An Act Concerning the Governor's Revenue Plan, specifically the portion regarding the creation of a State Earned Income Tax Credit (EITC).

CAHS's VITA campaign reaches over 8,000 low-to-moderate-income Connecticut residents each year, many of whom are eligible for the federal Earned Income Tax Credit. In fact, in 2010, the federal EITC provided over \$3.4 million to the working families served by our 37 free tax sites in Greater Bridgeport, Danbury, New Haven, Stamford, and Waterbury. According to a survey administered by CAHS to Connecticut VITA clients last year, much of this money is returned to the local economy when families pay their bills, purchase food or household goods, and take care of other basic necessities. In addition, many EITC recipients also reported that they planned to use the refunds received to further their education, save for a new home, or invest in other assets. In other words, the EITC provides not only a boost to a working family's budget, but also an important boost to our state's overall economy.

At CAHS, we are committed to connecting EITC recipients to asset-building resources, such as matched savings accounts, financial coaching, and financial education. CAHS and our partners work hard to connect as many EITC recipients as possible to additional resources so that they can leverage their refunds into long-lasting financial stability. In addition to providing free tax preparation, CAHS also promotes financial education to EITC recipients, which provides guidance to recipients on how to best invest their refunds to build a better future. Now is the time to enact a state EITC; there is no better time to invest the resources in our state's residents and economy. Through the state EITC, we are poised to maximize the benefits of a federal credit and increase the positive impact on working families and on the economy.

The federal Earned Income Tax Credit is considered to be one of the most effective anti-poverty programs in the United States. Overall, the EITC reduces the tax burden on workers, supplements wages, rewards work, reduces income inequality and helps low-income families build assets.<sup>1</sup> A state EITC would bolster the impact that the federal credit already has on Connecticut families. In enacting a state EITC, Connecticut would join 24 other states, including all of the other New England states (except New Hampshire, which does not have an income tax).

Members of the Finance Committee, it is for these reasons that I urge you to support a state EITC. It is the right thing to do for Connecticut's struggling, hard-working families and for our local economy. Thank you for your time.

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<sup>1</sup> Center for Budget and Policy Priorities, 2010.