

Finance, Revenue and Bonding Committee

Governor's Bill 843, An Act Concerning Revenue Items To Implement The Governor's Budget

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My name is Amy Miller and I am the Program & Public Policy Director of the Connecticut Women's Education and Legal Fund (CWEALF). CWEALF is a statewide nonprofit organization dedicated to empowering women, girls and their families to achieve equal opportunities in their personal and professional lives. I am writing today to urge you not to decrease the Earned Income Tax Credit (EITC) as called for in Governor's Bill 843, An Act Concerning Revenue Items To Implement The Governor's Budget.

CWEALF supports a variety of efforts to help working parents and families gain economic security including expansion of job training and education and enforcement of child support. The earned income tax credit is just one more initiative that helps working families. This credit rewards work, reduces the number of children living in poverty and makes our state's tax code fairer. The federal EITC has proven effective in improving the standard of living of thousands of poor children. From its position among the states with the highest income inequalityⁱ Connecticut cannot afford to operate the EITC at the federal minimum of 25 percent. The EITC lifts more children out of poverty than any other single federal program. Connecticut's EITC needs to be kept at 30 percent to support our low-income working families and help reduce the growing poverty among Connecticut's children.

The EITC symbolizes Connecticut's attempts in recent years to make our state tax structure more equitable. Even with the EITC at its current level households earning in the bottom twenty percent in our state are still paying more, eleven percent of their income, in taxes than any other groupⁱⁱ. Since households in the lowest twenty percent makes an average income of \$27,100ⁱⁱⁱ and the average income of EITC filers is \$17,957^{iv} it is clear that decreasing this credit will have a significant negative impact on this vulnerable population. The money that families are refunded go directly back into the community further promoting our climb out of the recession. Cutting this will contribute to stagnating the economy and not achieve cost-savings in the long run.

CWEALF has spent the last few decades conducting research on the state's welfare to work system and identifying strategies that work. Connecticut's EITC is a necessary component, along with child care assistance and medical insurance, to supporting a long-term transition to independence as women work to secure employment and make the transition to work, they need state supports that foster their self-sufficiency.

I urge your support of Connecticut's low income working families by continuing of the state Earned Income Tax Credit at thirty percent.

ⁱ Center on Budget and Policy Priorities. , & Economic Policy Institute (2012). *Income inequality has grown in connecticut*. Retrieved from <http://www.cbpp.org/files/pullingapart2012/Connecticut.pdf>

ⁱⁱ Davis, C., Davis, K., Gardner, M., Heimovitz, H., McIntyre, R. S., Phillips, R., Sapozhnikova, A., & Wiehe, M. Institute on Taxation and Economic Policy, (2013). *Who pays? a distributional analysis of the tax systems in all 50 states, 4th edition*. Retrieved from website: <http://www.itep.org/pdf/whopaysreport.pdf>

ⁱⁱⁱ Center on Budget and Policy Priorities. , & Economic Policy Institute (2012). *Income inequality has grown in connecticut*. Retrieved from <http://www.cbpp.org/files/pullingapart2012/Connecticut.pdf>

^{iv} Santacroce, M. M. Connecticut Voices for Children, Fiscal Policy Center. (2013). *Testimony regarding governor's s.b. 843*. Retrieved from website: http://www.ctvoices.org/sites/default/files/030413_finance_sb843_eitc.pdf