



Testimony submitted to the Joint Committee on Revenue

In support of H.2434 An Act improving the earned income credit for working families and S.1646 An Act improving the earned income credit for healthier families

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These bills warrant support because they increase the earned income tax credit from the current 23% of the federal credit to 50% of the federal credit. This increase adds to the take-home income of persons who earn the lowest incomes, particularly if they have dependent children. It establishes that a married taxpayer will satisfy the joint filing requirement for the EIC even if she is unable to file a joint return because she is a victim of domestic abuse. The bills require the Department of Revenue to provide all employers with a multilingual poster and a notice that sets forth the rights to the earned income credit.

The Earned Income Credit is one of the most successful anti-poverty programs for a number of reasons:

- First, it puts more dollars directly into the hands of people who really need the money to make ends meet. It especially benefits children, who have become much overrepresented in those counted as living in poverty by the standard of the federal government.
- Second, it keeps people working because their work is better compensated, and they may even work more hours when they get the chance. This helps family stability and gives workers more experience and skills toward better jobs in the future.
- Third, administration of the Earned Income Credit through payroll systems does not require a costly state bureaucracy and avoids the indignity and inconvenience of application processes that many social service programs require.
- Fourth, the people eligible for the Earned Income Credit tend to spend the extra dollars quickly and near home, so it has a beneficial effect on the Massachusetts economy.

The League has a position that: “Eligibility of all low-income individuals for assistance should be based on need. Eligibility should be established through simplified procedures such as a declaration of need, spot-checked in a manner similar to that used in checking the validity of income tax returns.”

The League urges this committee to favorably report these important bills in a timely manner to benefit citizens living in poverty.