

Public Comment for Joint Committee on Taxation

United Way of Pasco County strongly supports the Earned Income Tax Credit and Child Tax Credit – two essential credits that help millions of *working* families gain financial stability. As you contemplate comprehensive tax reform, we urge you to protect these credits and to strengthen opportunities for children and families in reform.

The Earned Income Tax Credit (EITC) was created to reduce the tax burden on lower-income workers, supplement their wages, and encourage greater participation in the workforce. It has become the nation's largest and most effective anti-poverty program, significantly increasing the number of single parents leaving welfare for employment. Studies show that the EITC encourages work, reduces poverty, helps families meet basic needs and improves children's academic achievement, all of which advance the common good in our community.

According to IRS data for returns filed in 2012, in Florida, 2 million working households claimed \$4.66 billion in the EITC work support. On average, each household in our state claiming the credit received \$2,332 they could use to save or to make necessary investments in their future.

In Pasco County under the United Way's free income tax return program, for the 2012 tax returns filed through March 31, VITA volunteers have filed 1,001 EITC claims out of 6,559 tax returns filed, totaling \$1.681 million that will come back into Pasco County and enhance the economy here. This is very real money for our community, where the average adjusted gross income of the 6,559 taxpayers is only \$24, 377. Recent improvements in the EITC help provide marriage penalty relief as well as modestly higher support for families with three or more children and should be made permanent.

The components of the Child Tax Credit (CTC) that are geared toward lower-income families are also particularly helpful to our state and should be sustained. For lower-income families, recent improvements mean that families can begin to access the refundable nature of the credit when earnings surpass \$3,000 as opposed to \$13,050. Combining this improvement with the boost in the credit from \$500 to \$1,000 per child means that the CTC can play an instrumental role in reducing child poverty. Locally, through March 31, VITA volunteers filed CTC refunds for 545 taxpayers, totaling \$724,426.

The fact that in 2011 the Earned Income Tax Credit and Child Tax Credit lifted 9.4 million people out of poverty, including 4.9 million children, shows that the EITC and CTC are smart investments in both the current stability of families and the future of our children.

As you consider tax reform and deficit reduction strategies, know that the EITC and CTC work. We have seen their successes first-hand and know how valuable the credits are for promoting work and supporting children. Please do all you can to protect the Earned Income Tax Credit and lower-income provisions of the Child Tax Credit, as well as to make the temporary improvements permanent.

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