



LEAGUE OF WOMEN VOTERS

MICHIGAN

EDUCATING AND ADVOCATING FOR RESPONSIBLE GOVERNMENT

June 2, 2015

Members of the House Committee on Roads and Economic Development:

The League of Women Voters of Michigan opposes HB 4609 which would eliminate the Michigan Earned Income Tax Credit for the working poor. The federal Earned Income Tax Credit program was signed into law by President Ford in 1975 and, in 1986, President Reagan recognized the value of expanding this benefit to lift more people out of poverty, provide an incentive for working, and stretch the value of low paying jobs.

Michigan established the state EITC with passage of SB 453 in 2006. The bill, introduced by Senator Nancy Cassis, was overwhelmingly supported - passing the Senate unanimously and the House with a resounding 103 to 3. SB 453 phased in the credit by starting at 10% of the Federal EITC and increasing to 20% in 2009. Unfortunately, the benefit was reduced, in 2011, to 6 percent! This tax credit, for low-income working individuals and families, can only be achieved when wages are earned and tax returns are filed. In 2013, over 27 million working families and individuals received the Federal EITC.¹ In Michigan, 18.3 percent of returns filed claims for federal EITC². Approximately half of the states have a similar program and even some local municipalities.

The League of Women Voters believes that one of the goals of good social policy is to promote self-sufficiency for individuals and families. The most effective social programs are those designed to prevent or reduce poverty. The EITC has evidence that proves a reduction in the effects of poverty while encouraging people to continue working to achieve self-sufficiency. Since these families are in such serious need, the money is quickly reinvested back into the economy. While more jobs have been created, wages have remained stagnant and low wages continue to be a burden on families. Given the possibility of increased fuel taxes and car registration fees, eliminating this program would prove especially harmful to our most economically vulnerable families.

We urge you to oppose passage of HB 4609 and to continue Michigan's Earned Income Tax Credit program.

Sincerely,

Judy Karandjeff
President

¹ Center on Budget and Policy Priorities, Jan 20, 2015, www.cbpp.org

² http://www.michigan.gov/documents/treasury/2013EITCReport_480688_7.pdf