



**kids**

**count**

**RHODE ISLAND KIDS COUNT**

ONE UNION STATION  
PROVIDENCE, RHODE ISLAND 02903  
401/351-9400 • 401/351-1758 (FAX)

## Testimony Re: Senate Bills 28, 204, and 215 Regarding Increasing the EITC

Senate Finance Committee

June 1, 2017

Stephanie Geller, Senior Policy Analyst

Mr. Chairman and members of the Committee, thank you for the opportunity to provide testimony today. Rhode Island KIDS COUNT would like to voice its strong support for several bills being heard today that propose to increase the state's Earned Income Tax Credit (EITC).

- Senate Bill 28, sponsored by Senator Felag, would increase the state's EITC from 15% of the federal EITC to 18% of the federal EITC beginning in 2018.
- Senate Bill 204, sponsored by Senator Goldin, would increase the state's EITC from 15% of the federal EITC to 20% of the federal EITC beginning in 2017.
- Senate Bill 215, sponsored by Senator Metts, would increase the state's EITC from 15% of the federal EITC to 25% of the federal EITC beginning in 2018.

All of these bills would bring us closer to the credits provided by Massachusetts (23%) and Connecticut (27.5%) and we would like to thank Senators Felag, Goldin, and Metts for sponsoring these bills.

EITCs provide tax reductions and wage supplements for low- and moderate-income working families. These tax credits reduce child poverty, decrease taxes, and increase work incentives for families struggling to make ends meet.

### **The EITC is an Effective Antipoverty Program**

The federal EITC is the nation's most effective antipoverty program for working families. In 2015, the federal EITC lifted 6.5 million people out of poverty, over half of them children. Research shows that the EITC's benefits extend well beyond the time families receive the credit. EITC recipients are more likely to work and to earn higher wages, and their children do better in school, are more likely to attend college, and earn more as adults.

### **The EITC as Economic Stimulus**

Increasing Rhode Island's EITC would help bring more money into the Rhode Island economy. Strengthening Rhode Island's EITC would also let low- to moderate-income, working families keep more of what they earn, encourage them to keep working, and help families pay for immediate needs. Research shows that families spend their EITC refunds on child care costs and car

purchases or repairs that allow them to continue working, to pay down debts, and to save money for the future they can use to pay for education and training and for future emergencies, such as job loss or illness.

Thank you for the leadership the General Assembly has shown in the past and in this session in considering and passing legislation that helps working families make ends meet now and helps them build their economic stability for the future. We particularly appreciate your efforts to incrementally increase the state's EITC over the past few years. Together with the proposed increase in the minimum wage, an increase in the EITC can help hardworking families meet their basic needs and put more money into the local economy.

Thank you for the opportunity to testify today.