

Fast Facts

Prepared by Coalition of Religious Communities, A Multi-Faith Response to Poverty

Legislative Session 2007

SB 40: Earned Income Tax Credit Sponsor: Darin Peterson

Summary:

Allows a taxpayer having a gross income below the poverty line to claim a fully refundable EITC that is equal to 10% of the allowable federal EITC

Background of the Issue:

- ~ During the 2003 legislative session SB110 sponsored by Senator Tom Hatch passed the Senate with unanimous support. It was passed from the House Revenue and Taxation Committee with favorable recommendation.
- ~ EITC is a federal tax benefit designed in 1975 to help low income workers by reducing taxes, supplementing wages and making work more attractive than welfare.
- ~ 15 states and the District of Columbia offer EITC based on the federal EITC.

For more information:

- Contact Linda at linda@crossroads-u-c.org or call CORC at 364-7765 or 1-888-747-8482.

Key Points:

- ~ A state base EITC can offset the tax liability of working families whose incomes fall below the poverty line and can help bring them closer to, or above, the poverty line.
- ~ A refundable EITC gives money to families that do not earn enough money to pay taxes and is tied to earnings. If the amount of the tax credit exceeds the income tax liability, the remainder is refundable.
- ~ From 2005 data, a state EITC in Utah would benefit about 236,000 low income Utahns including approximately 100,000 children.
- ~ The fiscal note of \$. is a relatively modest cost for a tax cut and because the state EITC is targeted to low and moderate-income families it helps those most in need.
- ~ Claiming EITC does not interfere with eligibility for benefits such as TANF, Medicaid, SSI, food stamps or subsidized housing.
- ~ Ronald Reagan called EITC “the best anti-poverty, the best job creation, the best pro-family measure to come out of Congress.”

CORC’s Position:

CORC fully supports this legislation and believes that in this year of unprecedented surplus the time to pass and implement this tax credit is now.