



HB3036

An Act To Increase Working Families' Income through the EITC

What is the EITC?

- The Earned Income Tax Credit (EITC) is an amount of money that varies according to income and family size, and it is given to taxpayers who work but earn low pay. If the eligible worker owes taxes, the credit pays those taxes. If not, the credit is refunded to the worker. The federal EITC is the SINGLE MOST EFFECTIVE anti-poverty program in the country, lifting almost 5 million individuals nation-wide out of poverty, including 2.7 million children. Massachusetts' own EITC also alleviates poverty in the State.

What Is This Bill Needed?

- The federal EITC was enacted to offset the heavy burden of federal taxes on working families. Massachusetts offers a State EITC that is 15% of the federal EITC or an average of \$255 per household with children. The credit has not increased with the cost of living and is insufficient to cover the rising costs of rent, transportation and food in Massachusetts.
- An estimated 70,000 eligible workers in Massachusetts fail to file for the credit because of misinformation and a lack of awareness about the EITC.
- Eligible taxpayers who do not claim this tax credit are depriving the state from much needed federal funds that not only improves their personal income but also stimulates our local economy.

What does the bill do?

- Increases the Massachusetts EITC from 15 percent to 30 percent of the federal EITC.
- Allows an eligible household to receive an average EITC of \$510 from the State to help them meet the rising cost of basic living expenses.
- Directs the Department of Revenue to engage in an aggressive and comprehensive EITC promotion and outreach campaign to ensure no eligible EITC taxpayer fails to claim it.
- This outreach campaign will bring an additional economic stimulus package of \$200 million federal dollars into the Massachusetts economy.

For information, please contact:

ACORN, Mimi Ramos, 617/436-7100 or maacorn@acorn.org; Greater Boston Legal Services, Luz Arevalo, 617/603-1663 or larevalo@gbls.org or Monica Halas, 617/603-1666 or mhalas@gbls.org.

Lead Sponsor: Representative J. James Marzilli, Jr.
Before the Joint Committee on Revenue
Co-chairs: Senator Cynthia Creem and Representative John Binienda

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*Be it enacted by the Senate and House of Representatives in General Court
Assembled, and by the authority of the same, as follows:*

SECTION 1: Section 6 of Chapter 62 of the General Laws, as appearing in the 2002 Official Edition, is hereby amended by striking out, in line 184, the number "15" and inserting in place thereof the following number: -- 30.

SECTION 2: Section 6 of Chapter 62 of the General Laws, as so appearing, is further amended by inserting after the first paragraph the following paragraph: --

The commissioner of revenue shall ensure the widest possible dissemination of information about the availability of the federal and state earned income credits by partnering in outreach efforts with groups, including but not limited to, utility companies, labor organizations, the chamber of commerce, municipalities, community-based organizations, and taxpayer advocates. The commissioner shall provide all employers with a notice and a poster that sets forth the rights to the credit allowed under the first paragraph of this section including the option to receive the benefit throughout the year in each paycheck. Said poster shall be conspicuously placed in workplaces and comply with the language requirement for employer unemployment notices under section 62A (d) (iii) of chapter 151A.

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