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## **Ease ‘Tax Day’ pressures on struggling families**

*Increase the Illinois Earned Income Tax Credit, supporters insist –  
especially if state taxes are raised*

SPRINGFIELD – Perhaps nowhere is April 15 – Tax Day – tougher on struggling families than in Illinois.

As an overall percentage of their earnings, Illinois’ lowest-income families often pay twice as much as wealthier households do on state and local taxes combined. In fact, national tax experts have called our state’s revenue system one of the country’s most regressive.

That’s why Illinois’ Earned Income Tax Credit (EITC) should be increased substantially – to provide more working families with the tax relief they need and deserve. Families need such help now, and will need it more if Illinois’ income or other taxes increase, according to representatives of several public policy organizations who gathered for a statehouse news conference Tuesday.

“These are families who work hard and play by the rules, yet have the least to show for it – especially at tax time,” said Laura Dean Friedrich, director of education and advocacy at Protestants for the Common Good. “Our state EITC allows them to hang onto a little more of their own, hard-earned money when taxes are due.”

“This credit is specifically targeted to low-income families who need help most. It offsets some of the unfairly high tax bills they bear – not only income taxes, but sales and property and excise taxes, the whole range of taxes that these households face,” said Dan Lesser, a senior attorney with the Sargent Shriver National Center on Poverty Law.

“With the money they save through the EITC, these families can better-handle their grocery bills, mortgage payments, medical expenses and other day-to-day challenges,” agreed Mary Ruth Herbers, senior director of programs at the Center for Economic Progress (CEP).

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Voices for Illinois Children and the Center for Tax and Budget Accountability joined CEP, the Shriver Center and Protestants for the Common Good in delivering the EITC message on the eve of Tax Day, when income tax payments are due. While the calendar date helps to focus attention on the need for greater tax fairness, so, too, does Gov. Quinn's FY 2010 budget proposal.

The groups that gathered Tuesday said they support the Governor's courageous push for a state income tax increase, to help erase a massive budget deficit and stabilize funding for crucial education, health and human services. These are programs of vital importance to families and communities throughout the state – including many of the same households who most need tax relief.

As part of his plans, the Governor also has proposed improving tax fairness by increasing the standard exemption, which helps households at all earnings levels. The advocates who gathered Tuesday saluted that call for progressivity, but stressed that budget considerations also should include EITC growth for more targeted and cost-efficient tax fairness.

Working families can claim the EITC at various low-income levels, according to household size. This year, a family of two parents and two or more children qualifies if their earnings are less than about \$42,000.

The value of the existing Illinois EITC is limited by its small size. It's calculated today at 5 percent of the federal EITC. That gives the Illinois credit a maximum value of about \$240 per qualifying family – the second-smallest such state credit in the nation. Other states' maximum credit amounts are up to eight times higher.

EITC advocates called for the Illinois credit to be raised to 20 percent of the federal credit, quadrupling the size of our EITC and putting it in the mid-range of other states' credit amounts.

“Struggling families need this help today,” said Sean Noble, director of government relations with Voices for Illinois Children. “And they’ll need it even more tomorrow, to help offset any tax increases that are necessary to address Illinois’ budget deficit and other pressing problems.”

Increasing the EITC can help to boost the state's weak economy, added Bukola Bello, director of the Illinois Retirement Security Initiative at the Center for Tax and Budget Accountability.

“Families in need who get the EITC are most likely to spend that money at neighborhood stores and businesses,” she said. “That’s true economic stimulus at the local level, where it counts most.”

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