

Immediate Release

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State Tax Credit Would Benefit Working Families

A state version of the federal Earned Income Tax Credit would bolster the economic security of working families, according to a new report released today by the West Virginia Center on Budget and Policy and the Alliance for Sustainable Families. The state credit would impact an estimated 90,000 working families who struggle to make ends meet.

“West Virginia has many families who work multiple jobs but still don’t earn enough to cover the basic necessities,” said Calah Young, director of the Alliance for Sustainable Families. “For the past decade, these families have watched their real wages drop while the cost of living has soared. This credit will provide them with hard-earned relief.”

The report, *Giving Credit to West Virginia’s Working Families*, outlines a State Earned Income Tax Credit (SEITC) that would apply to families earning up to about 200 percent of the federal poverty level. The credit would be highest for families with children and would be “refundable,” meaning that low- and moderate-income families would receive their full credit regardless of how much they paid in taxes. The maximum amount of the credit would be in the \$250-\$500 range, depending on how the tax credit was structured.

“The SEITC should not be viewed as special treatment for low- and moderate-income families,” said Elizabeth Paulhus, author of the report. “Rather, it adjusts for the inequitable tax rates that currently exist. For instance, a family earning \$20,000 per year pays about 9.3 percent in state and local taxes, compared to only 7.6 percent paid by a family making \$300,000.”

A SEITC in West Virginia could replace the state’s current Family Tax Credit. About twice as many families would benefit from the SEITC as from the current credit, and many of the most vulnerable families would receive greater benefits than under the Family Tax Credit.

Twenty-four states have adopted a SEITC to date. These include less affluent states – like Louisiana, New Mexico and Oklahoma – that have levels of needs and resources similar to West Virginia.

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The West Virginia Center on Budget and Policy is a nonpartisan, nonprofit research organization that focuses on how policy decisions affect all West Virginians, especially low- and moderate-income families. The report, *Giving Credit to West Virginia's Working Families*, is available at www.wvpolicy.org.

The West Virginia Alliance for Sustainable Families addresses issues that impact the state's low-income children and families, including asset development, financial literacy and federal EITC education and outreach. More information is available at www.wvasf.org.