



THE ISSUE: AB 43 *Personal Income taxes: credit: earned income* (Stone, D- Santa Cruz) would establish a refundable state Earned Income Tax Credit (EITC). **(Support)**

SB 38: *Personal Income tax: credit: earned income* (Liu, D-La Canada) would establish a state earned income tax credit for low wage workers. (EITC) **(Support)**

HISTORY & BACKGROUND

“Put the person and work back at the center. One very important factor for the dignity of the person is, precisely work; work must be guaranteed if there is to be an authentic promotion of the person. This task is incumbent on the society as a whole.”

**Pope Francis,
Workers,
Sept. 2013**

The federal Earned Income Tax Credit (EITC), which was supported by Republicans in Congress and passed by President Ronald Reagan, lifts approximately 6.6 million Americans, including 3.3 million children, out of poverty each year, making it the nation’s largest and most successful anti-poverty program. From 2010-2012, it pulled 1.3 million people (629,000 children) above the poverty line within California. EITC offsets the federal income taxes a family may owe and is refundable for households with an income but no tax liability.

Too many California families struggle to meet basic needs for themselves and their children even though one or both parents are working. Recent studies show that nearly half of our state’s population does not have a basic safety net to weather emergencies or prepare for future needs, such as a health crisis, a child’s college education or home ownership. From 2010 to 2012, the federal EITC pulled 1.3 million people (629,000 children) above the poverty line within California.

Twenty-five states and the District of Columbia also have an Earned Income Tax Credit—available only to families that earn income through work. EITC for California is an enlightened public policy which would strengthen the economic standing of families across California by making work pay for those in low wage jobs.

CHURCH TEACHING

As Christians we are commissioned to care for the least among us (Matt 25:40). The Church supports family, which “has its origin in that same love with which the Creator embraces the world,” (John Paul II, *Letter to Families*, 1994) and which is the building block of civilized society. Work is more than a way to make a living; it is a form of continuing participation in God’s creation.

TALKING POINTS

- This tax credit will increase upward mobility and help rebuild the middle class by giving low income earners money to spend, save and use to recover from economic hardships.
- The majority of poor people in California live in working families. In 37.3% of poor families, at least one family member is working full time, and in another 25.6% someone is working part time.
- Combined with the federal earned income tax credit, state EITC policies help families who work to avoid poverty and its accompanying hardships.
- A significant investment in California’s working poor families is an important step towards moving our state forward together.