

Support an Increase to NC's Earned Income Tax Credit (EITC)!

Last year, North Carolina joined the twenty three other states that currently provide a refundable state Earned Income Tax Credit (EITC). While the victory was important, the state EITC was set at 3.5% of the federal EITC. More help is needed for North Carolina's low- and moderate income working families.

- Increasing North Carolina's refundable Earned Income Tax Credit (EITC) is an effective, targeted investment that will provide a much-needed economic stimulus to North Carolina's low- and moderate income working families who need the help the most. The increase will also boost local economies. House members increased the state EITC from 3.5% to 5% of the federal credit in their budget.
- Weakening economic conditions are having a magnified impact on North Carolina's low- and moderate-income families, who were already working hard to make ends meet. Stagnant wages and rising costs of necessities like gas, food, health care and housing, are squeezing hundreds of thousands of North Carolina families and threatening their economic well-being.
- 845,000 low- and moderate-income working families (1 in 5) across North Carolina benefit from the state EITC. A 5% state EITC would circulate \$68.8 million to households in all 100 counties, a \$20.6 million increase above the original credit.
- An increase in the state EITC will help to stimulate local economies because low and moderate-income working families will spend the additional income on basic necessities. According to research from the Brookings Institution, every increased dollar received by low and moderate-income families creates a ripple effect in local communities, generating additional economic activity that increases its impact by up to 2 times the original amount.
- Any tax cuts this session should be targeted to those who need help the most and who currently pay the largest shares of their incomes in taxes- low- and moderate-income working families.