

Working Family Credit Coalition

April 6, 2021

Representative Paul Marquart
Chair, House Taxes Committee
597 State Office Building
St. Paul, MN 55155

Dear Chair Marquart and House Taxes Committee members:

The undersigned organizations would like to express our appreciation that you have included an expansion of the Working Family Credit in House File 991, the omnibus tax bill. Minnesota's Working Family Credit supports working people to gain traction in the workforce, afford their basic needs, and get children off to a stronger start.

More than half of all states, including Minnesota, have credits like the Working Family Credit that are based on the federal Earned Income Tax Credit (EITC), and build on the EITC's documented success in supporting work, reducing poverty, and improving the health and education of children.

More than 300,000 Minnesota households benefit from our current Working Family Credit when they file their income taxes. These Minnesotans live in every corner of our state: about half live in Greater Minnesota and half in the seven-county metro area. Their communities benefit when these Minnesota workers and their families spend their tax credits at local businesses.

The Working Family Credit also helps build a fairer tax system because it offsets a portion of the state and local taxes, such as sales taxes, that lower-income people pay.

Because it boosts the incomes of workers earning lower wages, the Working Family Credit contributes to narrowing racial disparities in economic well-being. People of color and indigenous people in Minnesota are disproportionately likely to be earning low incomes, due to structural and historic barriers to economic security.

The provisions in House File 991 would build on the past work of this committee to make sure the Working Family Credit works for all kinds of lower-income workers. It would boost the after-tax incomes of some currently eligible workers, and expand eligibility for the credit to some workers and families who currently are left out. And it would prevent additional economic hardship by allowing lower-income workers and families who lost jobs or wages during this pandemic year to calculate their Working Family Credit based on their 2019 incomes.

As you work toward final tax legislation this legislative session, we encourage you to also support additional Working Family Credit provisions included in Governor Walz's supplemental budget,

including expanding the credit to younger workers, and providing larger tax credits to families with children.

We look forward to further conversation with the committee about how Working Family Credit expansion can contribute to reaching the state's goals for family economic security and tax equity.

AFSCME Council 5
Amherst H. Wilder Foundation
Children's Defense Fund-Minnesota
Growth & Justice
Jewish Family and Children's Service of Minneapolis
Legal Services Advocacy Project
Minnesota AFL-CIO
Minnesota Asset Building Coalition
Minnesota Budget Project
Minnesota Coalition for the Homeless
Prepare + Prosper
Voices for Racial Justice