

# Working Family Credit Coalition

February 3, 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 strong appreciation that Governor Walz has included an expansion of the Working Family Credit in his budget proposal. 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 governor's budget proposal would expand the Working Family Credit in two important ways. First, it would provide a larger tax credit for workers and families who are currently eligible. Second, it would end the current practice of excluding otherwise eligible workers and working families who file their taxes with an Individual Taxpayer Identification Number (ITIN), rather than a Social Security Number. Many of those who would benefit from these provisions are the essential workers we've all counted on more than ever during this pandemic.

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  
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