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Fact Sheet: Illinois Earned Income Tax Credit (EITC)

Boosting Illinois' Earned Income Tax Credit (EITC), also known as the Earned Income Credit, from 5 to 10 percent will help working families and stimulate business growth in Illinois.

EITC is a true business boost that inspires consumer demand - it will put more money in the pockets of everyday working people, and allow them to invest that money back into their local neighborhoods and economies. Customers spending money is precisely what businesses want and need, especially in an economic downturn. It will help them avoid making further layoffs, hire-back employees they were forced to let go and pave the way for future growth.

More facts about the EIC:

- The Tax Reform & Economic Growth proposal will increase the Illinois Earned Income Tax Credit (EITC) to 7.5% of the federal Earned Income Tax Credit (EITC) in 2012 and to 10% of federal EITC in 2013. The increase puts \$105 million into working families' pockets, the largest increase in Illinois' EITC since its inception.
- President Ronald Reagan called the EITC "the best anti-poverty, the best pro-family, the best job creation measure to come out of Congress."
- More than 2.5 million people benefitted from the Illinois EITC in 2010
- The EITC provides an incentive to work, as it is available only to persons with earned income. It eases the disproportionately high tax liabilities borne by the lowest-income households.
- A 2006 Brookings Institution study found that every dollar a family saves through the EITC translates into \$1.58 of activity in local economies.
- The Illinois EITC is currently set at 5 percent of the federal EITC. When a bipartisan group of Illinois leaders created our state EITC in 2000, the federal EITC was much larger. As a result, Illinois' EITC program is tied for the nation's second-smallest such state credit as currently formulated. SB400 will help Illinois families by increasing the percentage to 10 percent of federal EITC over the next two years.
- Here's how increasing the Illinois EITC would impact hard-working, tax-paying families:
 - A single mother with one child, earning minimum wage (\$12,800 a year) will save \$154 on her taxes.
 - A married couple with three children, earning \$30,000 a year will save \$199 on their taxes.