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February 8, 2024

To: Chairperson Linehan and Members of the Revenue Committee
From: Anahi Salazar, Policy Coordinator for Voices for Children in Nebraska
RE: Support of LB 1182, Increase the Earned Income Tax Credit

Our state benefits when all children in Nebraska have the opportunity to reach their full potential. Growing up in a family that is struggling economically is associated with a variety of challenges for children related to health, education and other opportunities. Voices for Children supports LB 1182 because it targets tax cuts to hardworking low-income Nebraskans, while preserving our state's ability to invest in other community infrastructure that is critical for kids.

The Earned Income Tax Credit (EITC) is widely recognized as one of the most effective antipoverty programs in the nation, raising over 6 million people-half of them children- above the poverty line each year. The EITC is refundable, received from the first dollar earned, and phases out as family income increases. The credit incentivizes work and helps low-income families make ends meet.

In fact, research shows that the boost to family income as a result of the EITC has been linked to positive health outcomes, improved student achievement, and even increased future earnings. Moreover, the EITC has been shown to promote community revitalization because families often utilize their credits to pay off debt, invest in education, and secure housing. Unmarried women, in particular, work more hours as a result of the credit, perhaps because refundable EITCs can be used to pay for necessary work supports like child care and transportation.

The state EITC is currently set at 10% of the federal EITC, and has not been raised in over a decade. Increasing the EITC is a smart investment in helping working families. Thank you Senator Bostar for this important legislation, and we respectfully urge the Committee to advance LB 1182. Thank you.