

KANSAS ACTION FOR CHILDREN

April Holman, Director of Policy and Research
Kansas Action for Children
HB 2747 Testimony
House Committee on Taxation
February 16, 2012

Chairman Carlson and Members of the Committee:

Thank you for the opportunity to testify on HB 2747. Our biggest concern with this bill is that it cuts the Earned Income Tax Credit in half and would negatively impact Kansas working families and their children.

Kansas Action for Children is a not-for-profit child advocacy organization founded in 1979. For more than 30 years, KAC has worked with lawmakers on policy solutions that improve the lives of Kansas children and their families.

Kansas Earned Income Tax Credit

The EITC is a refundable income tax credit designed specifically to help make work pay for low-wage workers and their families.

In Kansas, the state EITC lifts thousands of children and their families from poverty each year. Estimates indicate that if the Kansas EITC was repealed nearly 2,000 Kansas families would fall into poverty, including more than 4,000 children. In addition to the financial benefit to recipients, the EITC provides a number of benefits to the state and communities in which recipients live. Specific benefits include:

- **Strengthening state and local economies.** Because the majority of EITC recipients spend their refunds, this money increases economic activity at local merchants and service providers.
- **Improving academic achievement in schools.** A recent study of children in families receiving the EITC found that an increase in family income of \$1,000 results in a 6 percent increase in math and reading test scores.
- **Increasing work among single parents.** Studies show that the EITC has resulted in a significant shift of single parents from welfare to work and that there is a connection between the size of a family's EITC benefit and its likelihood of employment.

Opposition to HB 2747

We respectfully request your opposition to HB 2747. This bill would cut the Kansas EITC in half – eroding its effectiveness and negatively impacting thousands of Kansas working families and their children.