



HAWAI'I APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

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HAWAI'I FAMILIES, BUSINESSES AND ECONOMY WOULD BENEFIT GREATLY FROM A STATE EARNED INCOME TAX CREDIT

HONOLULU, Hawai'i — The Earned Income Tax Credit (EITC) is a federal tax credit that helps families work their way into the middle class. Since its inception in 1975, the federal EITC has been hailed as the most effective anti-poverty program in the U.S., improving the futures of low- and moderate-income workers and that of their communities.

Twenty-six states and the District of Columbia offer a state-level EITC to help families keep even more of their earnings and boost local economies. The EITC has been championed by families and businesses alike in these states because it gives a much-needed break to working families struggling to get by on low wages, and boosts local economies across the state.

Hawai'i Appleseed Center for Law & Economic Justice used recent economic data on Hawai'i's working families to project the impact on the state economy if the legislature were to implement a state-level equivalent program. The findings were released today in a policy brief for lawmakers.

“The Earned Income Tax Credit is a proven tool for fostering economic prosperity,” said Hawai'i Appleseed Co-Executive Director Gavin Thornton. “Now is the time for Hawai'i to invest in its residents and businesses by creating a state refundable EITC that puts dollars back into workers' pockets and into the cash registers of local business.”

The benefits are clear:

- The EITC helps struggling families. Working families in Hawai'i have seen their purchasing power shrink over the years. High rents, stagnant wages and increasing energy and food costs mean a family's dollar has to stretch further every year just to meet basic needs. A state EITC would put thousands of dollars back into the pockets of working residents with far-reaching benefits for both parents and children.
- The EITC is an efficient tool for helping working families. The EITC is the most effective anti-poverty

program in America because it targets working families in need and efficiently delivers support through tax refunds, a process that requires minimal administrative costs.

- A state refundable EITC is an affordable, targeted reform that encourages work and strengthens local economies. Hawai'i's legislators should adopt the policy for the benefit of our businesses and working families.

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Hawai'i Appleseed is working to build a more socially just Hawai'i, where everyone has genuine opportunities to achieve economic security and fulfill their potential. We change systems that perpetuate inequality and injustice through policy development, coalition building and advocacy.