



Legislation Text

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Res. No. 473

Resolution calling upon the United States Congress to introduce and pass, and the President to sign, legislation to expand the Earned Income Tax Credit and, further, calling upon the New York State Legislature to introduce and pass, and the Governor to sign, legislation that would enable the City of New York to increase the City's Earned Income Tax Credit from five percent to ten percent of the federal Earned Income Tax Credit.

By Council Members Dromm, Ayala and Yeger

Whereas, The Earned Income Tax Credit ("EITC"), first enacted by the federal Government in 1975, reduces tax burdens and provides the working poor with a tax credit on federal personal income taxes, which can exceed the taxes paid, as an incentive for low income workers to work; and

Whereas, The EITC is a refundable tax credit so that if workers' income tax liabilities are less than the amount of the credit for which they qualify, the workers would receive the remaining amounts as a refund; and

Whereas, Studies have shown that families use the EITC to pay for necessities and tuition, to make home and car repairs and, in some cases, to obtain additional education or training, which in return can increase earning power; and

Whereas, To be eligible for the EITC, one must have a qualifying child or be between the ages of 25 and 65; and

Whereas, For 2017, both earned income and adjusted gross income (AGI) must each be less than \$48,340 (\$53,930 married filing jointly) with three or more qualifying children; \$45,007 (\$50,597 married filing jointly) with two qualifying children; \$39,617 (\$45,207 married filing jointly) with one qualifying child; or \$15,010 (\$20,600 married filing jointly) with no qualifying children; and

Whereas, In addition, investment income must be \$3,450 or less for the year; and

Whereas, In 2017, the maximum credit is \$6,318 with three or more qualifying children; \$5,616 with two qualifying children; \$3,400 with one qualifying child; and \$510 with no qualifying children; and

Whereas, In 1994, New York State adopted the New York EITC equal to 7.5 percent of the federal EITC; and

Whereas, After several increases throughout the years, the State's credit is now equal to 30% of the federal EITC; and

Whereas, According to the New York State Division of the Budget, the State EITC will provide approximately \$1.1 billion in tax credits to eligible taxpayers in 2018; and

Whereas, In 2004, at the Council's urging, the State authorized the City to adopt an EITC, and the Council by local law adopted a refundable City EITC equal to five percent of the federal credit; and

Whereas, According to the New York City Department of Finance, as a result of this program, in 2015 the City EITC provided approximately \$103.5 million annually in tax credits to 912,818 eligible taxpayers with an average credit of \$113; and

Whereas, Research indicates that the EITC is an essential tool in reducing poverty because it provides targeted tax benefits to moderate- and low- income taxpayers, encourages work, assists families and communities and reduces welfare receipts among single parents; and

Whereas, While the EITC is available to workers without qualifying children, the credit is small and phases out at very low incomes, so it provides little assistance to childless individuals at or near the poverty line and little incentive to enter the workforce; and

Whereas, Moreover, the current age restriction prevents workers younger than age 25 from claiming the EITC; and

Whereas, Citing the EITC as one of the most significant tools for reducing poverty and encouraging

people to enter the workforce, in March 2014, President Barack Obama announced a proposal to expand the federal EITC; and

Whereas, In his proposal, the federal EITC would double the maximum credit for individuals without children to approximately \$1,000, decrease the age of eligibility for such individuals from 25 to 21 and increase the upper age limit of such individuals from 65 to 67; and

Whereas, Since the City EITC is a function of the federal EITC, the eligibility criteria of the City EITC must mirror the federal EITC; and

Whereas, Amending the federal EITC would encourage employment among young workers living independently without children and incentivize those who are currently working to remain in the workforce longer; and

Whereas, Another way to deepen the credit would be for the State to allow the City to offer an EITC of ten percent of the federal EITC; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the United States Congress to introduce and pass, and the President to sign, legislation to expand the Earned Income Tax Credit and, further, calling upon the New York State Legislature to introduce and pass, and the Governor to sign, legislation that would enable the City of New York to increase the City's Earned Income Tax Credit from five percent to ten percent of the federal Earned Income Tax Credit.

RKC
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