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Testimony Re: H-7589, Personal Income Tax – Raising the RI Refundable Earned Income Tax Credit (EITC)

House Finance Committee

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Rhode Island KIDS COUNT coordinates the Right from the Start Campaign, a state policy coalition led by eight organizations to advance state policies and budget priorities that will help families with young children.

Both Rhode Island KIDS COUNT and the Right from the Start Campaign strongly support Representative O'Brien's bill, H-7589, which would increase the state's refundable Earned Income Tax Credit (EITC) from 16% to 30% of the federal EITC.

[Refundable federal and state Earned Income Tax Credits \(EITC\) are recognized as leading anti-poverty policies for babies and young children](#) by providing substantial cash refunds to working families who have low and moderate incomes. Research shows that state and federal EITC reduce racial disparities in birth outcomes, increase parent workforce participation and earnings, and improve household economic security – with the greatest help for single mothers and their children.

Last year, Rhode Island raised our refundable EITC from 15% to 16% of the federal credit. **This bill would raise the state's refundable EITC to 30% of the federal credit. Both Massachusetts and Connecticut offer a 40% refundable state EITC.** Other states with better state EITC rates are Kansas (17%), Illinois (20%), New Mexico (25%), Colorado (25%), Maine (25%), New York (30%), Michigan (30%), Vermont (38%), New Jersey (40%), Hawaii (40%), Maryland (45%), and the District of Columbia (70%).

Thank you for this opportunity to provide testimony and for Representative O'Brien's leadership on this issue.