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Congress Should Act to Save Key Provisions of Working-Family Tax Credits

Congress has a chance this fall to save key provisions of the federal Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC), two proven pro-work strategies that help working families make ends meet and provide the basics for their children.

[A new analysis by the Wisconsin Budget Project](#) lays out what's at stake for Wisconsin families if Congress fails to act to allow improvements to the credits to continue:

- 158,000 Wisconsin working families with 301,000 children will lose all or some of their tax credits;
- 64,000 rural families and 17,000 military or veteran families in Wisconsin will lose part or all of their credits;
- Affected families in Wisconsin lose an average of \$1,100 a year from their family budget; and
- The Wisconsin economy will lose \$173 million annually that the improvements to the tax credits bring into the state.

The improvements to the EITC and CTC don't expire until the end of 2017, but this fall may represent the best opportunity that Congress has to make these improvements permanent. Several temporary corporate tax provisions are expiring soon, and some federal lawmakers are pushing to make those business tax breaks permanent. Advocates for Wisconsin families are concerned that making the corporate tax breaks permanent without also saving improvements to the EITC and CTC would make it much more difficult to maintain the tax credits that help low-wage workers support their families.

“Congress shouldn't give tax breaks for corporations and leave behind working families,” said Tamarine Cornelius, analyst at the Wisconsin Budget Project. “If there is going to be a tax deal this fall, then Congress needs to make sure that we make permanent improvements to tax credits that help families work towards long-term economic security.”

If Congress does not act, the following changes will take place at the end of 2017:

- Married couples in Wisconsin that receive the EITC will be subject to higher marriage penalties, increasing a tax disincentive to marriage;
- Large families in Wisconsin will have their EITC reduced, as the maximum credit amount for families with three or more children will fall more than \$700 at the end of 2017; and
- A single parent working full time at the Wisconsin minimum wage will no longer earn enough to qualify for the Child Tax Credit, because the minimum earnings required to qualify for the credit will jump from \$3,000 to \$14,700.

“Children who get more help from the EITC and CTC are healthier, do better in school, are more likely to go to college, and work more as adults,” said Cornelius. “These tax credits represent a smart investment in Wisconsin’s future economy, which depends on the state having a healthy, well-educated workforce. By keeping these credits intact for working families, Congress can help insure that our next generation will be ready to take on the challenges of the future.”

The Wisconsin Budget Project, an initiative of the Wisconsin Council on Children and Families, is an independent Madison-based research group that focuses on tax and budget policy.

The full analysis is available on the Wisconsin Budget Project website: “[Failure to Save Key Provisions to Tax Cuts Would Harm Wisconsin Families.](#)”

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