



Michigan League FOR Human Services

June 29, 2010

Dear Congressional Delegation:

Our country faces critical challenges. Strengthening our economy and creating jobs are important national priorities. You have an opportunity to make progress on this challenge when Congress considers tax legislation affecting millions of working families across the country.

Decisions about which tax provisions to extend from the 2001 and 2003 tax bills and the 2009 American Recovery and Reinvestment Act (ARRA) will have far-reaching implications for working families in Michigan.

We urge you to permanently extend policies that support low- and middle-income families and encourage work, which includes the improvements in refundable tax credits as well as the middle class tax.

Specifically, we encourage you to support extension of ARRA changes that:

Protect expanded benefits for low-income, working families through the Earned Income Tax Credit (EITC). ARRA added a third tier to the EITC, providing larger benefits to the more than 3 million working families with three or more children. The act also reduced the marriage penalty for low-income families by allowing married couples to receive larger tax credits. If Congress doesn't extend the third tier provision for families with three or more children, more than 278,000 Michigan kids will lose some of their EITC benefits. Underscoring the need for retaining ARRA's EITC improvements is the fact that Michigan's state EITC is based on 20 percent of the federal EITC, meaning a stronger federal credit also provides a stronger state credit for families in need.

Improve and preserve the refundable Child Tax Credit (CTC). If Congress fails to continue the improvements made to this credit through ARRA (which lowered the minimum income threshold to \$3,000), families seeking CTC help will only be able to count earnings above approximately \$13,000, starting in 2011. This means a parent working for the minimum wage and raising two kids would see their credit cut from \$2,000 to \$547.50. In Michigan alone, 584,000 children would lose some or all of their CTC benefits.

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Congress should make all of these changes permanent to promote work and ensure that parents who work hard to support their families and give their children a decent start in life can achieve a basic standard of living. Moreover, since the cost of permanently extending the improved Child Tax Credit and EITC marriage penalty relief is exempt from pay-as-you-go rules, Congress should include these provisions in legislation to make permanent the 2001 tax cuts for the middle class, which are similarly exempt.

Sincerely,

American Federation of Teachers, Michigan
Area Agencies on Aging Association of Michigan
Center for Civil Justice
Coalition for Adoption Rights Equity
Community Economic Development Association of Michigan
Global Behavior: Education
Michigan AFL-CIO
Michigan Coalition Against Domestic and Sexual Violence
Michigan Coalition for Children and Families
Michigan Community Action Agency Association
Michigan Council on Crime and Delinquency
Michigan County Social Services Association
Michigan Disability Rights Coalition
Michigan Education Association
Michigan Environmental Council
Michigan League for Human Services
Michigan Long Term Care Ombudsman Program
Michigan Public Health Association
Michigan Unitarian Universalist Social Justice Network
Oakland Livingston Human Services Agency
PHI-Michigan
Saginaw Bay Financial Awareness Coalition
The Arc Michigan
The Community Mental Health Authority of Clinton, Eaton and Ingham Counties
United Way of Saginaw County
State Representative Rashida Tlaib