



MISSOURI SENATE

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Sen. Smith's Tax Credit Measure Benefits Low-Income Missourians

Jefferson City – The Senate Ways & Means Committee heard testimony this week and is considering a proposal forwarded by state Senator Jeff Smith, D-St. Louis, which would offer a state earned income tax credit to benefit lower-income Missourians by reducing their tax liability and, in some cases, providing refunds to help them keep more money in their pockets to meet everyday expenses.

The bill would provide support to full-time workers by providing a refundable state earned income tax credit (EITC), equal to five percent of a qualifying allowable federal EITC, and double the amount every two years until it reaches a cap of 20 percent in 2013.

“This will give a helping hand to hard-working families in Missouri who are doing all they can to make ends meet,” Sen. Smith said. “In other parts of the country, these types of state tax credits have been very successful and have lifted many above the poverty line.”

Under the program, eligible taxpayers who receive a federal EITC would be able to reduce their state income tax liability by a percentage of the federal award. For example, in the first year of the program's inception, a family whose federal EITC is \$3,000 would receive \$150, or 5 percent, to apply toward their state tax liability. If the amount awarded exceeds the tax liability, taxpayers would have the option to apply it to future tax years or receive a refund.

“I hope my colleagues will support this common-sense bill to help hard-working Missourians put bread on their table and pay their bills,” Smith said, noting that even Ronald Reagan had deemed the EITC “the single most effective anti-poverty program” in the country.

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