



Top 10 Reasons to Increase the Illinois Earned Income Tax Credit for Working-Poor Families

1. Low-income, working families pay more of their income in taxes than anyone else.

- Today, working-poor families shoulder an unfairly large share of taxes. On average, Illinois households earning less than \$16,000 a year pay over 13 percent of their incomes in state and local taxes, while those earning more than \$300,000 spend less than 5 percent of their incomes likewise.

2. Illinois' tax system is among the nation's most regressive.

- Our state's tax structure runs 6th on the list of the country's "Terrible Ten" most regressive tax systems, as ranked by the Institute on Taxation and Economic Policy. The poorest Illinois families pay more than double the effective tax rate of the wealthiest households in the state.

3. The income level at which families begin paying taxes in Illinois is far too low.

- Illinois begins taxing two-parent families of four when they earn \$15,900 a year – **a figure lower than the federal poverty level**, and the nation's eighth-worst "tax threshold."

4. Poverty is on the rise.

- Over the last three decades, the percentage of Illinoisans living in poverty has grown by almost 12 percent.

5. Working-poor families' share of taxes has risen over the past decade.

- Over the last decade, the percentage of income that working-poor families pay in taxes has grown by almost 2 percent, while that of the wealthiest has declined.

6. Real wages in Illinois have declined.

- From 1999-2007, Illinois' median household income dropped almost 10 percent.

7. Too many Illinois children live in poverty, even though their parents work.

- In Illinois, 35 percent of children live in families that are low-income (defined as incomes below twice the federal poverty level). About 54 percent of these children have at least one parent who works full-time.

8. The state's current EITC is the second-lowest in the nation.

- Set at 5 percent of the federal EITC – and representing a maximum value of \$240 per qualifying family – the Illinois EITC is tied for the second-smallest such credit in the country.

9. The EITC focuses assistance on those who need it most.

- The EITC is targeted specifically to help families who work hard but don't earn much – and nonetheless spend an unfairly large share of their incomes on taxes.

10. The EITC enjoys strong, longstanding, bipartisan support.

- Begun under President Ford, the federal EITC was supported and expanded by Presidents Reagan and Clinton. Illinois legislators of both parties have championed creation and improvement of our state EITC – including President Obama, when he served in the Illinois Senate.