

June 19, 2019

The Honorable Richard Neal  
Chairman  
Committee on Ways and Means  
United States House of Representatives  
Washington, D.C. 20515

The Honorable Kevin Brady  
Ranking Member  
Committee on Ways and Means  
United States House of Representatives  
Washington, D.C. 20515

Dear Chairman Neal and Ranking Member Brady:

On behalf of the [Tax Alliance for Economic Mobility](#),<sup>1</sup> a coalition of over 40 diverse members, including racial and gender justice advocates, child advocates, anti-poverty advocates, asset-building advocates and tax reform experts, we are writing to express our support of the Economic Mobility Act of 2019's proposals that would make the tax code work better for everyday families and individuals—especially working families, families of color, women, and children.

As a coalition that works to identify near- and long-term economic policy solutions to help these communities, we believe the U.S. tax code is one of the most powerful tools our government has available towards ensuring working families can achieve long-term economic mobility and prosperity. In that spirit, we believe the Economic Mobility Act of 2019 represents a positive first step in shifting the focus of our tax code towards those who most need help but who the 2017 tax law instead largely left behind.

Specifically, we are encouraged by the legislation's efforts to build on the opportunity-boosting and pro-work success of the Earned Income Tax Credit (EITC) by extending its support to young childless workers below the age of 25 as well as those above 65 years old. In addition, we are also greatly encouraged by the legislation's expansion of the maximum EITC benefit that childless workers could receive (increasing from \$529 to \$1,464). In doing so, the Economic Mobility Act of 2019 addresses a long unaddressed gap in the EITC that has meant that this group remained the sole group that was either taxed into or pushed deeper into poverty by the federal tax code.<sup>2</sup>

When it comes to the Child Tax Credit (CTC), although the 2017 tax law took a step in the right direction by increasing the maximum credit available credit per child from \$1,000 to \$2,000, and modestly extending its benefits for children in the lowest-income working families, the impact of this change was limited by the fact that the credit is still not accessible to many low- and moderate-income families due to its partial refundability. As a result, children in these families qualify for only a very small CTC or no tax credit increase at all. By expanding the refundability of the CTC up to \$2,000 per child, the Economic Mobility Act of 2019 ensures that the children who need the CTC most and for whom it would have the largest beneficial impact are able to fully access this critical support.

Because of its focus on workers and struggling families who could benefit most from tax credits to support work and their families, the legislation would make the tax code more equitable for households of color. Recent research from Prosperity Now and the Institute on Taxation and Economic Policy (ITEP) found that the 2017 tax law overwhelmingly and disproportionately benefited wealthy White households,<sup>1</sup> but largely left behind households of color. By contrast, the EITC and CTC expansions in the Economic Mobility Act of 2019 would meaningfully reach millions of low- and moderate-income Black,

Latino, and other children and workers of color, who disproportionately work low-paid jobs due to a history of discrimination and policy barriers to economic mobility.

The Economic Mobility Act of 2019 also features important, permanent refundable tax credit expansions for families in Puerto Rico. It includes a federal matching mechanism that would enable Puerto Rico to substantially expand its new, Commonwealth-funded EITC while also making Puerto Rico families eligible for the same CTC benefits as families on the mainland. The EITC expansion would strengthen Puerto Rico's formal economy and would have a substantial impact on poverty.

The legislation would also make the Child and Dependent Care Tax Credit (CDCTC) refundable and increase the percentage of care expenses used to calculate the credit. This would allow more low-income families access to a tax credit from which they currently receive little or no benefit and would better reflect the share of family budgets that child and dependent care expenses can consume.

By giving families and workers more meaningful access to supports from the tax code that would expand economic mobility and opportunity, the Economic Mobility Act of 2019 takes a first step towards the vision laid out by National Academies of Sciences, Engineering and Medicine (NASEM)'s landmark study, [A Roadmap to Reducing Child Poverty](#), showing that it is feasible to cut our national child poverty rate and deep poverty rate in half within a decade, in large part by making boosting tax credits for families and workers. The NASEM and other [ambitious plans](#) illustrate what could ultimately be accomplished by more fully using the potential of federal tax credits to reduce poverty and increase opportunity.

Ultimately, we thank the Chairman for his leadership for ensuring that the tax code works for working families and children, and we look forward to working with him and the Committee to create a more fair, equitable and inclusive tax code.

Sincerely,

The Tax Alliance for Economic Mobility

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<sup>1</sup> Although this letter represents the view of the Tax Alliance as a whole, it does not necessarily represent the perspective of every individual member of the Alliance.

<sup>2</sup> Chuck Marr, Chye-Ching Huang, Cecile Murray, and Arloc Sherman, [Strengthening the EITC for Childless Workers Would Promote Work and Reduce Poverty Improvement Targeted at Lone Group Taxed into Poverty](#) (Washington, DC: Center on Budget and Policy Priorities, 2016).