

October 23, 2019

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

The Honorable Chuck Grassley
Chairman
U.S. Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20515

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

The Honorable Ron Wyden
Ranking Member
U.S. Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20515

Dear Chairmen Neal and Grassley, and Ranking Members Brady and Wyden:

On behalf of the [Tax Alliance for Economic Mobility](#),* 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 urge that you ensure that any legislation to extend tax breaks for businesses, or to make changes to the Tax Cuts and Jobs Act of 2017 that gives businesses new permanent tax breaks, also include meaningful tax supports for low-wage workers, women and families with children.

While it is encouraging that there may be some bipartisan support for expanding the Earned Income Tax Credit (EITC) for childless workers,¹ we ask that you also consider addressing several glaring gaps in this and other similarly focused programs. Specifically, as outlined in Chairman Neal's Economic Mobility Act of 2019 (H.R. 3300), this includes extending the EITC's opportunity-boosting success to low-wage workers currently ineligible from claiming the credit, such as workers and qualified foster and homeless youth under 25 and workers over 65.

In addition, efforts to strengthen the EITC should also include boosting the moderate support that families in Puerto Rico currently receive from the commonwealth's newly created EITC. Though Puerto Ricans are U.S. citizens, working individuals and families on the island have long faced inequitable access to the EITC and other tax supports for workers. Expanding the EITC for Puerto Rico would not only help bring greater parity between the tax supports that U.S. families on the island and throughout the country receive, it would also have a substantial impact on poverty on the island, which as of last year had a poverty rate almost four times higher (43.1%)² than nation's (11.8%).³ According to the Center on Budget and Policy Priorities, expanding the EITC for childless workers, as well as families in Puerto Rico, would raise the after-tax incomes of 16 million workers, including 6 million Black⁴ and Latino⁵ workers.

* Although this letter represents the perspective and priorities of the Tax Alliance as a whole, it does not necessarily represent the perspective and priorities of every individual member of the Alliance.

At the same time, we ask that you consider addressing gaps in the Child Tax Credit (CTC) that leave millions of children and their families unable to fully benefit from this critical tax credit. This includes making the CTC fully refundable and strengthening the CTC for families raising young children.

Though the 2017 tax law increased the maximum credit available per child from \$1,000 to \$2,000, and modestly extended its benefits for children in the lowest income working families, the credit's partial refundability limits the impact of these changes and of the overall credit. As a result, children in these families qualify for only a very small CTC or no tax credit increase at all. Making the CTC fully refundable and expanding the support the credit provides to families raising young children—as Chairman Neal's Economic Mobility Act does through the creation of a \$1,000 Young Child Tax Credit for qualifying children under age four—would greatly support children who need the CTC most and for whom it would have the largest beneficial impact. In fact, according to the Center on Budget and Policy Priorities, these changes to the CTC would benefit more than 42 million children under the age of 17, 19 million of which would be Black⁶ and Latino⁷ children. As with the EITC, efforts should also be made to ensure that families in Puerto Rico have equitable and meaningful support from the CTC, just as other U.S families throughout the country currently do.

Finally, we also ask that you consider making improvements to the Child and Dependent Care Tax Credit (CDCTC), by making it refundable and increasing the percentage of care expenses used to calculate the credit. Currently, low- and moderate-income families receive little to nothing from the CDCTC. These reforms would provide greater support to low-income families, leading the credit to better reflect the share of the family budget that child and dependent care expenses can consume.

Ultimately, as Congress considers any legislative package to extend expiring or expired tax breaks for business, or to make changes to the Tax Cuts and Jobs Act of 2017 that gives businesses new permanent tax breaks, we ask that you also include meaningful tax support for low-wage workers, women and families with children by strengthening the EITC, CTC and CDCTC. We thank you for your attention to these important issues and we look forward to working with you and your Committees to create a more fair, equitable and inclusive tax code for all.

Sincerely,

The Tax Alliance for Economic Mobility

¹ <https://www.rollcall.com/news/congress/state-and-local-tax-cap-rollback-makes-menu-for-possible-year-end-tax-talks>

² <https://www.census.gov/quickfacts/fact/table/PR/PST045218>

³ <https://www.census.gov/quickfacts/fact/table/US/PST045218>

⁴ <https://www.cbpp.org/research/federal-tax/expansions-of-the-earned-income-tax-credit-and-child-tax-credit-would-benefit-8>

⁵ <https://www.cbpp.org/research/federal-tax/expansions-of-the-earned-income-tax-credit-and-child-tax-credit-would-benefit-9>

⁶ <https://www.cbpp.org/research/federal-tax/expansions-of-the-earned-income-tax-credit-and-child-tax-credit-would-benefit-8>

⁷ <https://www.cbpp.org/research/federal-tax/expansions-of-the-earned-income-tax-credit-and-child-tax-credit-would-benefit-9>