Georgia should join 30 other states in extending the power of the Earned Income Tax Credit (EITC) through a “Georgia Work Credit.” This proposal, three versions of which have already been introduced in the Georgia General Assembly, would provide a bottom-up tax cut for low-income working families who are raising children. The federal EITC is one of the nation’s most effective policies at keeping working families out of poverty and moving toward the middle class. A Georgia Work Credit would build off of the federal credit by providing a limited credit against state taxes, based on a percentage of the federal credit’s value.

Children in affected families receive some of the credit’s most important benefits, since the added funds help create a healthier and more stable home environment for them to thrive. Research finds that children whose families receive more income from the EITC are likelier to excel in school, graduate high school, attend college and earn more as adults. Local economies benefit too, since the credit puts money directly in the pockets of the people most likely to spend additional dollars in local businesses.

Making Ends Meet

Jason, a single father of two daughters, works hard for his family. But when he was injured and needed a month to recover, he was unable to perform his job in a warehouse and he fell behind on bills. Jason recently found a new job, but he has visited Food Bank partner Sweetwater Mission, a food pantry and clothing closet, to help provide food for his family as he works to pay off his bills. “I start saving a dollar here, a dollar there,” he says. The modest amounts don’t get him down. “It’s not about pessimism. For me, I have the attitude that I’m just gonna keep rolling like a tank.”

Even a tank needs fuel. Families like Jason’s would directly benefit from a Georgia Work Credit. The credit only goes to people who work, providing a strong incentive for people to enter or return to the workforce. A Georgia Work Credit set at 10% of the federal EITC would cut state taxes for at least 700,000 low- and middle income families, providing up to $475 a year for eligible workers.
A bipartisan coalition of leaders in 30 states have promoted state versions of the federal Earned Income Tax Credit (EITC) because it incentivizes work, helps families transition into higher paying jobs and allows Georgians who most need a pay raise to keep more of what they earn. A majority of workers who would receive the credit in Georgia are employed in service industries, where wages are relatively flat.

Although the economy is improving, Georgia’s workers have experienced a net decline in hourly wages over the same time period. (Georgia Budget and Policy Institute analysis of U.S. Bureau of Labor Statistics data, 2019)

Communities Across Georgia Gain from an EITC

Tied to the federal EITC, a Georgia Work Credit would benefit a broad base of Georgia taxpayers and spur economic growth, with especially significant effects for rural Georgia communities. Allowing low- and middle-income families to save a few hundred dollars in taxes represents a relatively low fiscal cost for the state but could be highly significant to thousands of Georgians in the lowest-income communities.

At the Atlanta Community Food Bank, we advocate for a Georgia Work Credit because we believe people should have access to the nutritious meals they need, when they need them.

For more information, please visit https://georgiaworkcredit.org/house-bill-588-overview/