



The Honorable Susan Moran, Chair  
Joint Committee on Revenue  
Room 312D  
State House  
Boston, MA 02133

The Honorable Mark Cusack, Chair  
Joint Committee on Revenue  
Room 34  
State House  
Boston, MA 02133

Dear Chairpersons Moran, Cusack and distinguished members of the Joint Committee on Revenue:

Thank you for the opportunity to submit written testimony in support of [H2762/S1793](#), *An Act to increase family stabilization through the earned income tax credit* as well as [S1798](#), *An Act to reduce poverty by expanding the EITC and the child and family tax credit*.

We first want to thank you for taking important steps this year to improve affordability for low- and middle-income households in Massachusetts. Several parts of the recently passed tax package advance equity including the increase to the state Earned Income Tax Credit (EITC) and the newly created Child and Dependent Tax Credit (CDTC). We are grateful for your commitment to advancing these policies and write today in strong support of bills that would further improve and extend the impact of both the EITC and the CDTC.

Massachusetts Budget and Policy Center (MassBudget) is a public policy think tank that provides research and analysis on ways to achieve a more thriving and racially and economically just commonwealth. MassBudget has shared data on the importance of extending access to the state EITC to filers with Individual Tax Identification Numbers (ITINs) and provided critical research to show the impact the new CDTC will have across Massachusetts. We want to share this information with you as you continue to improve the structure and impact of these two credits.

The EITC is a key program for reducing poverty,<sup>1</sup> but thousands of working families are excluded from our state EITC because at least one member of their household does not have a Social Security Number. In Massachusetts, the EITC provides support to over 300,000 households filing income taxes across virtually every city and town.<sup>2</sup> Without a Social Security Number, over 18,000 otherwise-eligible Massachusetts

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<sup>1</sup> Poverty in the United States: 2022. United States Census Bureau, September 12, 2023. <https://www.census.gov/library/publications/2023/demo/p60-280.html>. See Figure 8, which includes EITC and Child Tax Credit (CTC).

<sup>2</sup><https://datacenter.aecf.org/data/tables/8526-state-eitc-earned-income-tax-credit-claims-by-city-and-town-county-subdivision?loc=23&loct=11#detailed/11/3324-3674/false/574,1729,37,871,870,573,869,36/any/19076,19077>

households lose out on all the benefits of the state EITC.<sup>3</sup> If even one member of a family lacks a Social Security Number, the whole family is ineligible for the EITC. This means that U.S. citizen children and spouses who live in mixed-status households with immigrants who are ineligible for a Social Security Number are also excluded from the EITC. These individuals are excluded from the state EITC even if they have been working in Massachusetts for many years, contributing to the economy, and paying income taxes with an ITIN.

Extending the EITC to ITIN filers will have a meaningful impact on marginalized communities at a relatively small cost and will bring our state EITC more in line with recent policy changes both inside and outside Massachusetts. For the Massachusetts state budget, the cost of extending the credit is estimated at approximately \$11 million per tax year.<sup>4</sup> Ending the exclusion of EITC to families without Social Security Numbers would help thousands of tax-filing families that are struggling to pay bills. As of October 2023, ten other states including Maine and Vermont have extended their state EITC to tax filers who use an ITIN, thereby including all resident taxpayers regardless of immigration status.<sup>5</sup> Likewise, Massachusetts state child tax credits never discriminated based on possession of a Social Security Number, and the newly created CDTC thus extended eligibility to established residents regardless of their immigration status. Massachusetts voters similarly affirmed via the recent driver's license ballot initiative that residents should be accorded the same access to opportunity regardless of immigration status. We urge you to extend ITIN eligibility for the EITC as proposed in these bills.

While creation of the new CDTC will help Massachusetts families,<sup>6</sup> without indexing to inflation, the value of the credit will erode quickly. Massachusetts families continue to struggle under the weight of the high cost of living in our state, and communities of color bear a disproportionate share of this burden. The newly created CDTC will reach families in desperate need of support and can help advance racial equity. Our analysis of Census data suggests that BIPOC communities make up a higher share of those eligible for the credit than their share of the state population. Our analysis also suggests that, compared to all House and Senate districts, the top districts in terms of population eligible for the credit tend to have larger BIPOC communities. Taken together, these trends suggest there is a role for the expanded CDTC will play in advancing racial equity. This data further demonstrates the importance of indexing the credit to inflation in order to maintain the buying power of this credit for BIPOC families into future years.

The EITC and CDTC make our tax system fairer by putting money back into the pockets of working families, particularly BIPOC families. MassBudget thanks the Joint Committee on Revenue for its commitment and leadership to expand these credits this year.

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<sup>3</sup> [https://communitychange.org/wp-content/uploads/2020/04/ITIN\\_EITC\\_Fact\\_Sheet\\_Tables\\_April\\_2020-002.pdf](https://communitychange.org/wp-content/uploads/2020/04/ITIN_EITC_Fact_Sheet_Tables_April_2020-002.pdf)

<sup>4</sup> Not all eligible households actually apply for the EITC. Estimates using typical EITC participation rates from the following report, are adjusted to 2023 dollars to derive this figure. See [https://communitychange.org/wp-content/uploads/2020/04/ITIN\\_EITC\\_Fact\\_Sheet\\_Tables\\_April\\_2020-002.pdf](https://communitychange.org/wp-content/uploads/2020/04/ITIN_EITC_Fact_Sheet_Tables_April_2020-002.pdf)

<sup>5</sup> <https://itep.org/boosting-incomes-improving-equity-state-earned-income-tax-credits-in-2023/>

<sup>6</sup> Impact of the Child and Dependent Tax Credit by legislative district: <https://massbudget.org/2023/11/08/child-family-tax-credit-dashboard/>

Looking ahead, we ask that you consider the further improvements contained in *An Act to increase family stabilization through the earned income tax credit* ([H.2762/S.1793](#)) and *An Act to reduce child poverty by expanding the EITC and the child and family tax credit* ([S.1798](#)), and report these bills favorably out of Committee.

Thank you for your time and consideration.

Respectfully submitted,

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Senior Budget Analyst