



Tuesday, January 11, 2005

Legislation to make Indiana's State EITC Permanent is On the Fast Track in the House
By Lisa Travis

The 114th Indiana General Assembly convened on Tuesday, January 4th and for the first time in fourteen years the office of the Governor and the House and Senate are all controlled by Republicans. The dominance of the Republican Party might indicate concern over the future of the State's EITC, but that has not proven to be the case. In fact, optimism over the future of the EITC appears warranted.

During the past few months, the Indiana Institute for Working Families has been working with other coalitions and organizations throughout the state to organize advocacy efforts around the state EITC, which is set to expire on December 31, 2005. The Institute has two goals concerning Indiana's state EITC this legislative session: 1) to make the state EITC permanent, and 2) to increase the percentage of the state EITC (currently set at six percent of the federal EITC).

Although Indiana's state EITC has enjoyed bipartisan support, EITC legislation has not been successful as a stand-alone bill. Therefore, over the past few years, Indiana's state EITC has been passed by the legislature as an amendment to the state budget. Unfortunately, this has forced the state EITC to sunset every two years. However, the first week of the 2005 legislative session, Representative Murphy, a House Republican, introduced HB 1083, Earned Income Tax Credit Extension, to eliminate the sunset and make the state EITC permanent. HB 1083 was referred to the House Ways and Means Committee and on January 5th the bill was passed out of committee with a vote of 22-0. On January 10th, the bill received its second reading in the House and passed with no amendments. In addition, three co-authors were added to the bill Representative Day (D), Representative Noe (R), and Representative Klinker (D).

On January 11th HB 1083 received its third hearing and all Representatives that spoke on the bill requested members to vote in favor of the bill. Some of the arguments made for the state EITC were that it supports working families and supplements their incomes, it makes the state tax system more equitable, and supports local and small businesses. Representative Espich (R), Chair of Ways and Means Committee spoke on behalf of the bill saying "*Although the large fiscal statement associated with this bill will limit options for spending on other things such as education and biennium state budget spending, I urge you to vote in favor of this bill.*" The bill passed the House with a vote of 97-0 and is now moved on to the Senate. The Senate sponsors are: Senator Luke Kenley (R) (Chair of the Tax and Fiscal Policy Committee), Senator Simpson (D), and Senator Alting (R).

To view our testimony or if you would like more information about our state EITC, its progress, or our advocacy efforts, please feel free to visit our website at www.ichhi.org, or contact Lisa Travis at ltravis@ichhi.org.