



Memorandum of Support

S.537(Kaplan)/ A.2533 (Fahy)

Provides for the advance payment of the earned income tax credit to qualifying employees.

The Fiscal Policy Institute (FPI) supports S.537/A.2533 to help create a more equitable state tax code for working New Yorkers.

This legislation would update New York State's Earned Income Tax Credit (EITC) to address the economic needs of New York State residents who work part-time and who work for low wages.

Throughout the state, hundreds of thousands of workers are unable to claim the credit due to exclusions in the federal EITC program. Thus, currently, our state's childless workers under 25 and our undocumented workers are prevented from claiming the EITC even though they may meet all other eligibility requirements.

Increases to the state minimum wage have also not been accounted for in our state EITC. That means many hourly and low-wage wage workers are no longer eligible to claim the credit even though the EITC and minimum wage should work together to support workers. Adjusting the income levels and rates of our state's EITC program ensures that the private and public sectors are working together to address workers' economic needs.

Several other US states have already enacted enhanced EITC legislation, ending exclusions and raising the value of their state EITCs. As we seek to recover from the coronavirus pandemic, boosting the incomes of pandemic-impacted workers is a pressing economic need. Our state tax code should be the foundation for equity for all New Yorkers, and this legislation strengthens that foundation.

The Fiscal Policy Institute is a nonpartisan, nonprofit research and education organization committed to improving public policies and private practices to better the economic and social conditions of all.