



An anti-poverty tax credit to strengthen Vermont families

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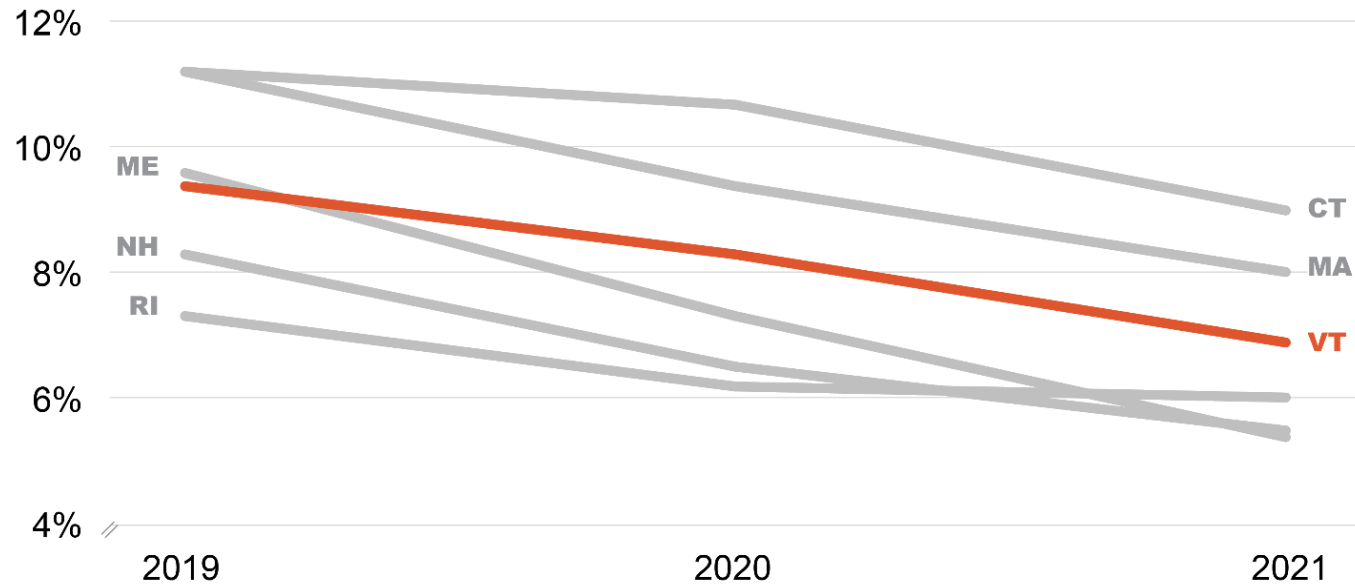
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When government aid is counted, poverty fell during the pandemic

Percentage of population below the Supplemental Poverty Measure threshold, New England states, 2019-2021



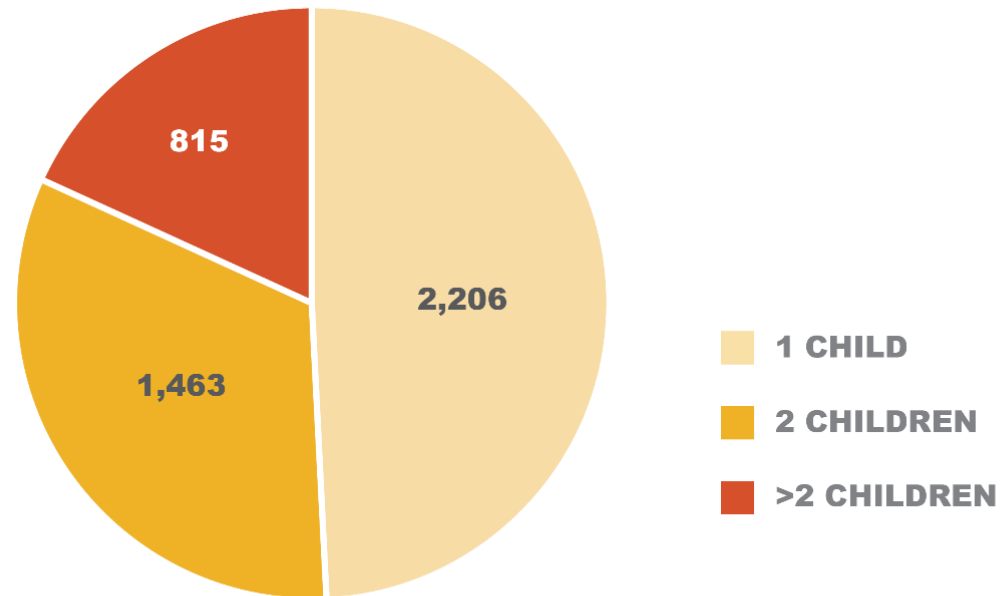
Note: Due to small sample sizes, state estimates are rolling, 3-year averages. The year labels show the third year of each 3-year average.

Data source: U.S. Census Bureau, Current Population Survey Annual Social and Economic Supplement
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Nearly 4,500 filers with children missed out on cash benefits

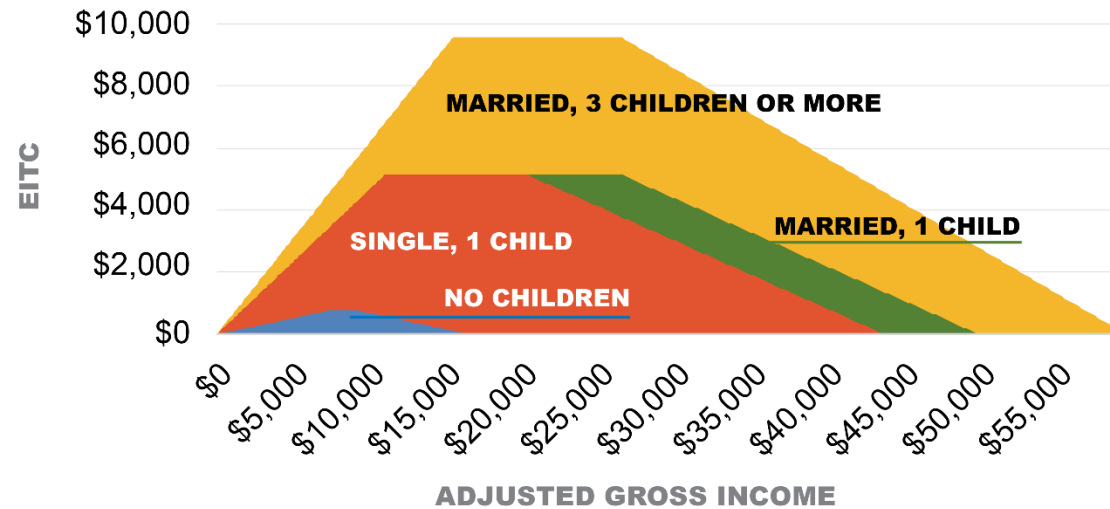
Estimate of filers not claiming EITC by number of children, 2019



Data source: Center on Budget and Policy Priorities analysis of IRS EITC data
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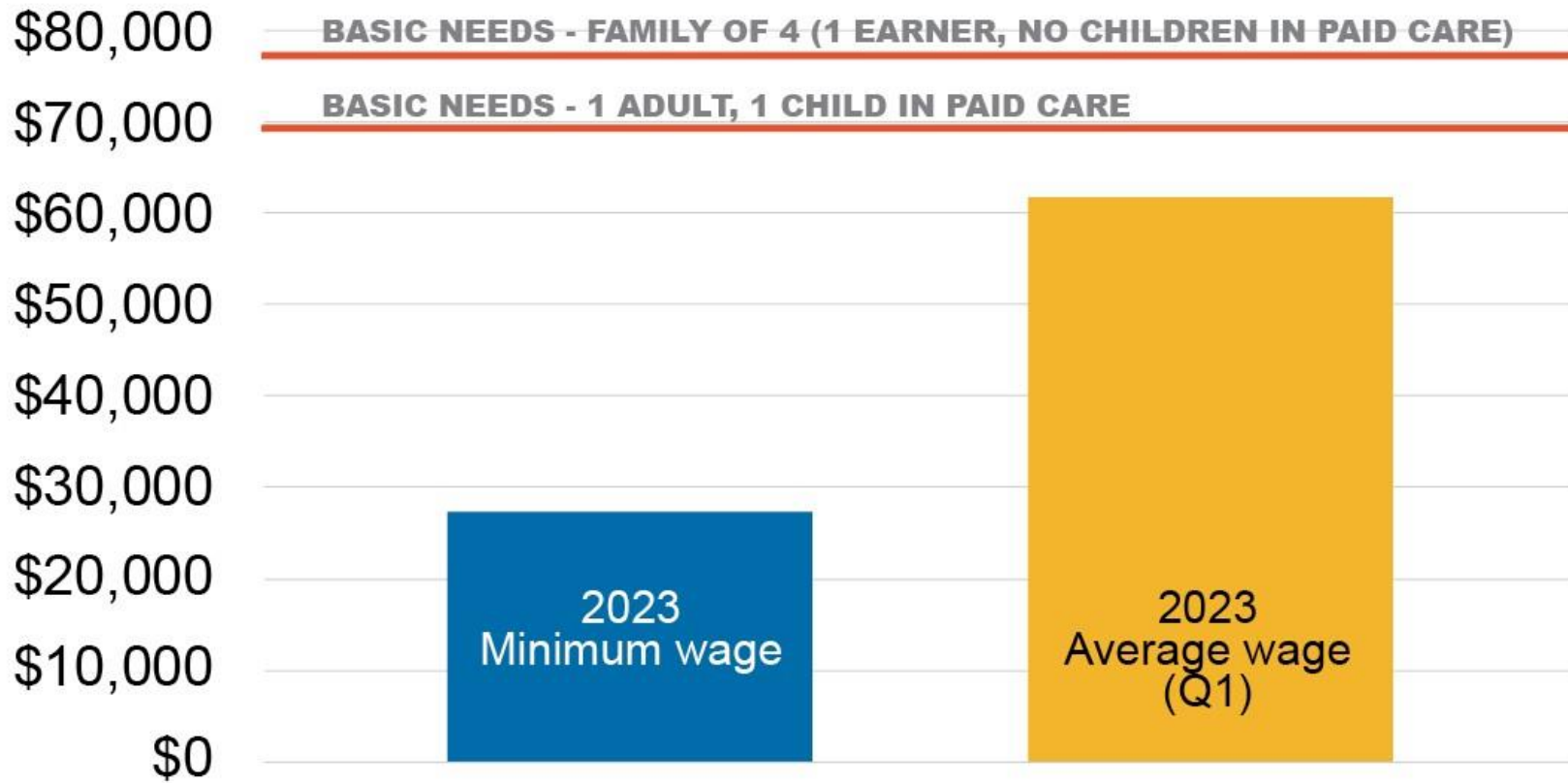
Federal and state earned income tax credits by income, by select filing status and number of children, 2022



Data source: Internal Revenue Service
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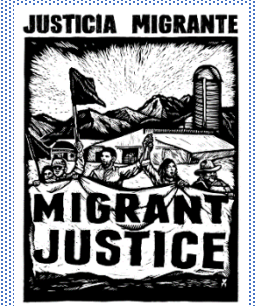
Average Vermont wages don't meet families' basic needs

Annual wages and 2022 total basic needs budget for select households



Data sources: Joint Fiscal Office, Vermont Department of Labor
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Strengthening anti-poverty tax credits in 2024





Increase Refundable Anti-Poverty Tax Credits

Make the Credits Easily Accessible

Broaden Eligibility to Reach Those Left Out



Expand Refundable Anti-Poverty Tax Credits

- Increase the amount of Vermont's EITC from 38 percent to 100 percent of the federal EITC for filers without children and to 55 percent of the federal EITC for filers with children.
- Create a new \$1,000 Foster Care Tax Credit for 18- to 26-year-olds leaving the foster care system.



Make the Credits Easily Accessible

- Identify who isn't receiving Vermont's CTC and EITC by publishing credit uptake data and use findings to create outreach plans.
- Ensure people receive Vermont's CTC and EITC, regardless of other state debt (exclude credits from tax setoff).
- Ensure CTC filers without income continue to receive the credit.



Broaden Eligibility to Reach Those Left Out

- Work toward expanding tax credits to filers 18 and older (now filers without qualifying children are only eligible when they are ages 25 to 64).
- Extend Vermont's CTC to families with children of any age who have disabilities (now the \$1,000 CTC is only for children under six).