



20 February 2025

TO: House and Senate Appropriations Committees

RE: Anti-Poverty Tax Credits for a Strong Vermont – increasing credits and expanding access

FROM: Julie Lowell of Public Assets Institute on behalf of the Anti-Poverty Tax Credit Coalition

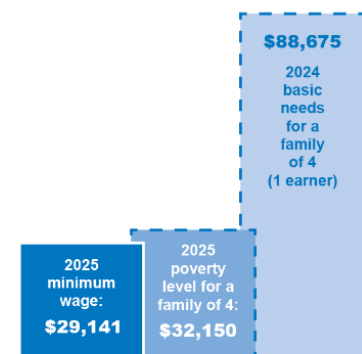
Dear Members of the Appropriations Committees,

The Anti-Poverty Tax Credit Coalition is writing to **support House Bill 90, an act that would increase the Vermont Earned Income Tax Credit and expand access to the Vermont Earned Income Tax Credit and Child Tax Credit.** This bill would provide over 45,000 Vermont families already receiving refundable anti-poverty tax credits with additional support to help them meet their basic needs.

The Coalition also supports the \$548,000 funding request in FY26 for the Volunteer Income Tax Assistance (VITA) program run by Vermont’s community action agencies. Increased VITA funding will allow more people to file their taxes and benefit from these credits, including households with the lowest incomes who are eligible for the credits but don’t need to file their taxes, and residents in Vermont without Social Security numbers or Individual Taxpayer Identification Numbers, who were newly eligible for the credits in tax year 2024 and need filing support.

Anti-poverty tax credits increase financial stability for Vermont families so they can begin to meet their basic needs, live with dignity, and build stronger communities. The Child Tax Credit (CTC) and Earned Income Tax Credit (EITC) help Vermont families with the lowest incomes bridge the widening gap between income and expenses by putting cash in their pockets when they file their taxes. During the pandemic, temporarily expanded federal tax credits helped bring 10,000 people in Vermont out of poverty. Unfortunately, these credits have since ended, leaving many Vermonters worse off.

Vermont’s minimum wage leaves families in poverty, and far from meeting basic needs



Note: This graphic uses the most recent data available from 2024. Minimum wage reflects the annual wages for one full-time earner. Data sources: Vermont Department of Labor, Joint Fiscal Office, U.S. Department of Health and Human Services ©2025 Public Assets Institute

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Increasing Vermont tax credits and expanding access to them, helps people cover their basic living needs. While the CTC and the EITC help lift many families above the poverty level, they are still well short of the \$68,000-plus per year needed to meet their basic needs as determined by Vermont’s Basic Needs Budget and Livable Wage report. Families with children six and older don’t get the state CTC, so they have still fewer resources. Filers without children receive a maximum combined federal and state EITC of \$872—not enough.

Passage of H.90 would give qualifying families with one child up to \$716 more when they file their taxes, and families without children up to \$392 more. This credit will help families living on the edge better make ends meet, allowing them to direct financial resources to the areas they most need and that will best help their family.

In addition to passage of H.90 and increased investments for filing support, the Anti-Poverty Tax Credit Coalition advocates for broadened eligibility, including extending the EITC for filers without dependents to everyone 18 and older, and increased accessibility to refundable tax credits so that all Vermont residents can benefit from the credits they qualify for. Learn more at TaxCreditsVT.org.

Sincerely,

Anti-Poverty Tax Credit Coalition

Current Vermont tax credits

Vermont Child Tax Credit

- Started in tax year 2022
- \$1,000 annually per child under 6
- Full credit with income \$0-\$125,000, partial credit up to \$175,000
- Fully refundable; available to all residents

Vermont’s Earned Income Tax Credit

- Increased to 38% of federal EITC in 2022
- Adjusts for earnings and number of children
- Credit phases in for workers with low and moderate earnings
- Fully refundable; available to all residents