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Kansas Action for Children  
Verbal Testimony: Informational Briefing on Kansas Earned Income Tax Credit (EITC)  
Senate Assessment and Taxation Committee

Chair Tyson and Members of the Committee:

**Thank you for the opportunity to provide information regarding the Kansas Earned Income Tax Credit (EITC).** Kansas Action for Children's vision is to make Kansas the best state to raise a child, and our organization shapes health, education, and economic policies that benefit Kansas children and their families. Educating policymakers about the Kansas EITC and its benefits for working families is a critical component of that work.

**How the Kansas EITC Works.** The Kansas state EITC builds on the federal EITC, increasing its purchasing power and maximizing its impact for children and their families. The state EITC is calculated by taking a percentage – 17% in Kansas – of a taxpayer's federal credit. **Only earned income counts toward a taxpayer's EITC calculation, meaning that EITC directly targets working families.** In fact, the EITC is designed to encourage work. As a taxpayer's earnings increase, the size of the credit grows with each additional dollar earned, then stays constant at a "maximum amount" before gradually phasing out. Both the federal and the Kansas EITC are refundable tax credits, meaning that workers get the full credit they've earned even if they earn too little to owe much income tax. This feature allows the credits to offset the substantial sales and other taxes and fees Kansas' working families pay.

Working families with children who earn annual incomes up to \$39,000 to \$54,00 (depending on filing status and the number of children) may be eligible to claim the EITC. A much smaller EITC may also be available to working-poor Kansans without children. A tool to estimate the size of a taxpayer's federal EITC based on filing status, income, and number of children is available online: [www.eitcoutreach.org/help](http://www.eitcoutreach.org/help).

To understand how the credit works for a typical Kansas taxpayer, consider a (fictional) Kansas family claiming the average Kansas state EITC of \$401. Mary has one child, Jack, and earns \$24,500 annually. Mary files as Head of Household, takes the standard deduction, and claims personal exemptions for herself and for Jack, giving her \$7,100 in taxable income. Mary's federal EITC is worth \$2,360. At 17% of the federal EITC, her Kansas state EITC is \$401. A taxpayer like Mary can earn \$24,500 annually by working 40 hours per week, 52 weeks per year, at \$11.78 an hour. According to the 2016 *Kansas Wage Survey*, Mary's salary means that she might be a home health aide, a nursing assistant, a cafeteria cook, custodial staff, a retail salesperson, a teller, or a hairstylist. After paying her state income taxes at tax time, she's able to put the extra money



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from her Kansas EITC toward the cost of replacing her car's tires, so that she can get to and from work.

**What the EITC Means for Kansas.** Nearly 209,000 Kansas taxpayers claim the EITC – and more than 270,000 Kansas children live in families who stand to benefit from the credit. Families typically use their boosted tax refund to help make ends meet by purchasing necessities, paying off bills, repairing homes, or maintaining vehicles. The EITC reaches every county and every legislative district in the state, and tax refunds boosted by the EITC flow right back into Kansas businesses and local communities.

**Why the EITC Matters for Kansas Children and Families.** A robust body of research proves that the EITC is an investment that pays off for Kansas children. Measurable benefits of the EITC include improved infant and maternal health, better school performance, increased college enrollment, and increased work and earnings when children grow up. Other studies show that the EITC is a strong encouragement for employment, further boosting a family's overall economic well-being. The Kansas state EITC is a commonsense provision of our tax code that helps working families make ends meet, prepare their children for success, and get ahead.

**Thank you for the opportunity to share information today, and we are happy to serve as a resource for you on this issue.** Please do not hesitate to contact Kansas Action for Children by emailing me ([amanda@kac.org](mailto:amanda@kac.org)) if we can be helpful to you.