The Michigan Earned Income Tax Credit (EITC) is a tax credit for workers and families with low incomes to help them meet basic spending needs. Michigan’s current EITC—at just 6% of the federal credit—provides help to working families struggling to make ends meet by boosting after-tax incomes. The EITC pulls Michigan families above the poverty line and reduces inequality. In tax year 2019, about 738,380 families statewide received an average credit of $150, putting more than $110 million back into the Michigan economy.

But the EITC should do more. Restoring the credit to its 2011 level (20% of the federal credit) would bring Michigan up to speed with other states. And increasing Michigan’s EITC to 30% of the federal credit would mean an average credit of $749 for these families, which they can use to stay current on bills or afford a car repair.

Improving the EITC is a common sense strategy to boost families, communities, and the economy.

THE EITC’s IMPACT

In 2019, about 738,380 families in Michigan benefited from the Michigan EITC. That’s 15% of filers.

<table>
<thead>
<tr>
<th></th>
<th>Current (6% of federal EITC)</th>
<th>If Restored (20% of federal EITC)</th>
<th>If Expanded (30% of federal EITC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average boost to a working family’s income</td>
<td>$150</td>
<td>$499</td>
<td>$749</td>
</tr>
<tr>
<td>Amount returned to local economies</td>
<td>$110.6 M</td>
<td>$368.6 M</td>
<td>$552.9 M</td>
</tr>
</tbody>
</table>

HOW IT WORKS

- The EITC reduces poverty and helps families take steps toward self-sufficiency.
- The EITC helps small businesses and boosts local economies by helping workers pay for things like child care, groceries and transportation.
- Children of EITC recipients are healthier, do better and go further in school, and earn more as adults.

ESTIMATES USING MICHIGAN DEPARTMENT OF TREASURY DATA.