

## Michigan's Earned Income Tax Credit still leaves out many workers

The Earned Income Tax Credit (EITC) helps 740,000 households in Michigan pay for basic needs, and in the spring of 2023, thanks to the work of dedicated advocates, workers and policymakers, the tax credit was given a major boost to 30% of the federal credit. This is cause for celebration, but also brings to light some major gaps.

Because Michigan relies on federal eligibility criteria, workers under age 25 or over age 64 without qualifying children do not receive a state credit. This age restriction leaves out some particularly vulnerable groups, including youth exiting foster care or who are homeless. Immigrant workers who work and pay taxes but who do not have a Social Security Number are also excluded.

**Michigan should expand eligibility for the state EITC to help families and workers who are currently excluded at the federal level.**

### Who will benefit?



#### Expansion will reach Michiganders who live below the poverty line

Many Michigan residents who are left out of the current EITC struggle to make ends meet.

- **21.5%** of young adults ages 18-24 live below the poverty line
- **20%** of children in immigrant families live below the poverty line
- **9.8%** of adults age 65 and over live below the poverty line

#### Expansion will reduce racial inequities

Black Michiganders face the highest effective tax rates despite earning lower wages on average. The EITC helps reduce some of the inequities resulting from historic and current racial bias and discrimination.

**24,200 filers age 65 and older will see an average tax cut of \$54**

**116,900 filers between ages 18 and 24 will see an average credit of \$100, including:**

- 75,200 white filers
- 26,800 Black/African American filers
- 3,200 Asian filers
- 7,100 Hispanic filers
- 3,800 filers of multiple races and/or ethnicities
- 900 children who would benefit from parents' credit

**Nearly 150,000  
Michiganders.**

## Include immigrants in the 'ITIN'-ery to reach thousands more children and families

Immigrants in Michigan contribute billions of dollars in federal, state and local taxes. This total also includes millions of dollars in taxes paid by undocumented immigrants. Many immigrants who work and pay taxes in Michigan, but do not have a Social Security Number, use an Individual Taxation Identification Number (ITIN) to file.

Expanding the EITC to ITIN filers would reach an estimated **5,650** ITIN-filing households and would benefit around **7,500** children. This expansion would cost \$4 million. The reach could be even greater if more families were able to access ITINs to file taxes and were also newly eligible for the state EITC.

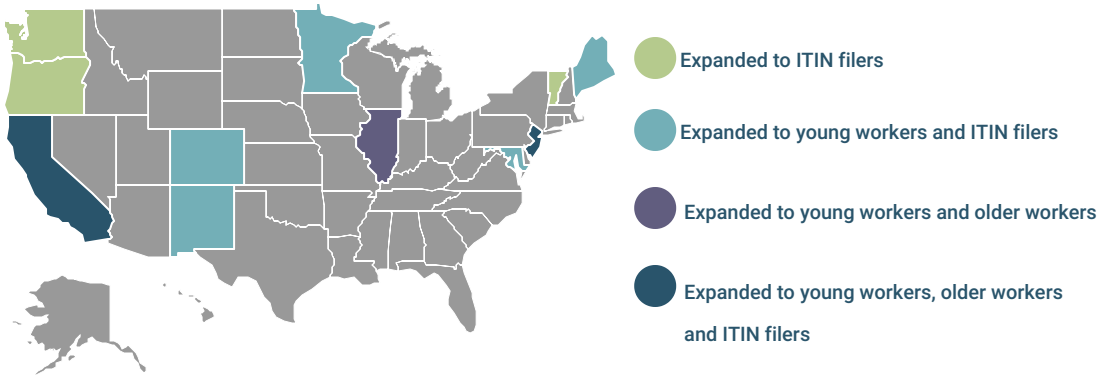
# Expanded eligibility means expanding workers' economic reach & security

Workers under age 25 and over age 64 face a variety of hurdles as they enter and exit the workforce. ITIN filers and their families face similar hurdles that are compounded by cultural and geographical shifts. Making sure they qualify for the EITC means they can better navigate their career paths and take care of their loved ones.

## National Landscape

To their credit, these states have led the way

- Eight states offer age enhancements to their EITCs (CA, CO, NM, MN, IL, ME, NJ, MD).
- All 8 states have expanded to young workers and 3 (NJ, IL, CA) of them have expanded to older workers
- Since 2020: 10 states (CA, OR, WA, NM, CO, ME, MD, MN, NJ, VT) plus DC have expanded their EITCs to ITIN filers



## Eligibility Expansion at a Glance

Expansion to	Total Reach	Total Cost	Average benefit
Young Adults	116,900 (and 900 children)	\$12 million	\$100
Seniors	24,200	\$1.3 million	\$54
ITIN Filers	5,650 families (and 7,500 children)	\$4 million	\$689