



Kentucky can...

Enact a state Earned Income Tax Credit to help families meet the basic needs of their children

Kentucky children thrive when their parents can earn a living and meet their family's basic needs. Nearly half of all Kentucky kids live in low-income families. A state-level refundable Earned Income Tax Credit (EITC) is a proven approach to help low-income families keep the money they earn while reinvesting money into their local economy.

The EITC is a temporary support to help families make ends meet and rise out of poverty

- An EITC can only be claimed by people who earn income through work, and a state EITC would build upon the success of the federal EITC, which has kept more children out of poverty in the United States than any other program.
- The federal EITC has increased employment levels and reduced reliance on government supports, and state-level EITCs in other states have led to greater workforce participation.
- EITCs help families that experience temporary job loss or reduced hours stay on their feet.

3 out of 5

recipients claim the federal EITC for only 1 or 2 years at a time.



The EITC generates economic activity

Most EITC recipients spend the credit on local businesses, paying for things like groceries, school supplies, and car repairs.



The federal EITC injects **\$933 million** into Kentucky's economy. A state-level EITC at just 15 percent of the federal credit would inject an **additional \$140 million** in local economies and businesses.

A state EITC would improve the chances of success for **442,000** Kentucky children

- Research shows a link between the federal EITC and improvement in children's math and reading comprehension, as well as increased income when those children become adults.
- In states with state-level EITCs, we see healthier babies and better outcomes across the course of children's lives.



Blueprint for Kentucky's Children Solution:

Enacting a state refundable Earned Income Tax Credit to help families make ends meet