



OFFICE OF THE GOVERNOR

ROD R. BLAGOJEVICH – GOVERNOR

NEWS

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Gov. Blagojevich proclaims January 31 Illinois Earned Income Tax Credit Awareness Day

*Legislation signed by Governor Blagojevich expands the Illinois Earned
Income Tax Credit to an additional 100,000 taxpayers*

CHICAGO – Governor Rod R. Blagojevich today proclaimed January 31, 2008 Illinois Earned Income Tax Credit (EITC) Awareness Day to ensure that all eligible Illinoisans file for the credit on their tax returns. Last August, the Governor signed legislation which expanded the Illinois EITC to an additional 100,000 taxpayers. Today’s proclamation is in accordance with a nationwide effort to educate workers about this benefit.

“The Illinois Earned Income Tax Credit gives money back to hard working Illinois families. Throughout this administration we increased the number of people taking advantage of the Illinois EITC year after year, demonstrating how effective this program is at getting funds to those who need it most. I encourage all who may be eligible to visit one of the many free tax preparation sites statewide that we support so that they can apply for this expanded benefit,” said Governor Blagojevich.

The new legislation reduced unnecessary regulation and paperwork currently blocking many in need of receiving the Illinois EITC. Under previous law, individuals had to be not only eligible for the federal EITC, they also had to remain eligible for the federal Temporary Assistance for Needy Families (TANF) funds which the state uses to pay for the Illinois EITC. By blocking those not eligible for TANF, many individuals with foster children or dependent adults over 18 did not receive a refund. The old law also required those applying for the refund to fill out a complicated worksheet.

January 31, 2008 is designated as EITC Awareness Day – a nationwide outreach effort by local, state and national partners to spotlight this valuable tax credit, encourage those eligible to claim it and provide help through volunteer tax assistance sites.

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The federal Earned Income Tax Credit is a refundable tax credit for lower to moderate income individuals and families. The amount of the credit varies but is generally determined by income and family size. Taxpayers with incomes under \$40,000 may be eligible for the EITC. The maximum credit available for 2007 is \$4,716 for families with 2 or more children and \$2,853 for families with one child. Taxpayers without children may be eligible for an EITC of up to \$428. In addition, the state EITC can provide up to \$235 in state income tax relief.

As the 2008 tax season commenced, Governor Blagojevich launched a public education campaign to warn taxpayers not be enticed by refund anticipation loan (RAL) offers that come with excessively high interest rates and to urge taxpayers to file their taxes electronically to get their refunds fast. The Illinois Department of Revenue (IDOR) and the Department of Finance and Professional Regulation (IDFPR) also launched a website at myrefund.illinois.gov where taxpayers can find more information about RALs and electronic filing.

One way for taxpayers to avoid RALs and to learn more about the EITC is to take advantage of state supported free counseling at 64 locations across the state. IDHS provides funding to the Tax Assistance Program and the Tax Counseling Project, which is administered by the Center for Economic Progress. These programs offer free tax assistance and promote the EITC to low-income workers. The services are provided free of charge to families with incomes less than \$40,000 and to individuals with incomes under \$15,000. Last year, nearly 30,000 Illinoisans received free income tax preparation assistance worth \$43 million in refunds. Taxpayers can learn about free tax preparation sites throughout Illinois at myrefund.illinois.gov.

“For Illinois working families, expanding the state EITC is a step in the right direction. When you talk about ending poverty, the EITC is one of the most proven strategies. More than five million people are lifted out of poverty each year by the federal EITC, most of them children,” said David Marzahl, executive director of the Center for Economic Progress, a nonprofit that played a key role in the creation and expansion of the Illinois EITC. “With stagnant wages, tax credits like the state EITC play an important role in helping Illinois families get ahead. A more robust state EITC can help our families get a fair shot at the American dream.”

The Governor’s Proclamation reads:

WHEREAS, in 1975 Congress enacted the Earned Income Tax Credit (EITC) to offset the burden of Social Security taxes on low-income families, supplement wages and make employment more attractive than welfare; and

WHEREAS, Illinois also created a state EITC modeled after the federal EITC, and this past year I signed legislation that extends eligibility to an additional 100,000 Illinoisans who work hard but struggle to make ends meet; and

WHEREAS, in most cases EITC payments do not affect welfare benefits and are not used to determine eligibility for Medicaid, Supplemental Security Income, food stamps, low-income housing or Temporary Assistance for Needy Families payments; and

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WHEREAS, since its implementation the EITC has helped lift millions of Americans above the poverty line and has had a high participation rate relative to other programs for low-income families. However, there are still many Americans who do not realize that they qualify for the EITC or do not know how to claim it; and

WHEREAS, for the second year, communities and states throughout the country will promote the availability of the EITC and free tax preparation services for low-income families on January 31:

*THEREFORE, I, Rod R. Blagojevich, Governor of the State of Illinois, do hereby proclaim January 31, 2008 as **EARNED INCOME TAX CREDIT AWARENESS DAY** in Illinois in support of the nationwide effort to raise awareness about EITC, which puts money back in the pockets of hardworking Illinois families.*