



FEDERATION OF PROTESTANT WELFARE AGENCIES

Working Young Adult Earned Income Tax Credit (EITC)

New York should lead the way in making an investment in working young adults entering the labor force by creating a state-funded EITC which would:

- Provide an **incentive to work** for approximately **350,000 disconnected youth** in New York State who are not currently working or in school.
- Improve the **financial well-being of young adults currently working** between the ages of 17-24 in New York.

Currently, existing law provides an EITC to the following individuals with qualifying income:

- Workers of any age who are custodial parents (Federal + State + New York City)
- Workers age 25 and older who do not have children (Federal + State + New York City)
- Workers age 18 and older who are non-custodial parents (State only)

Working young adults under age 25 without children are still excluded from the EITC. By extending eligibility for the EITC to this population, the State would recognize the value of working young adults' productivity and their impact on our State's overall economic growth.

Policy Proposal:

Extend the EITC to working young adults with the following qualifications:

- Resident taxpayer who is not claimed as a dependent of another tax filer.
- Attained the age of 17.
- Not the custodial or non-custodial parent of a minor child or children.
- Annual earned income within the range that would otherwise qualify the taxpayer for the federal and state EITC, but for the minimum age requirement.

Value of EITC:

- Provide an EITC equal to 130% of the federal EITC that the worker would be eligible for, except for the minimum age requirement. This credit would be refundable and linked to the federal income eligibility and maximum earnings rules. For Tax Year 2008, the EITC phases out to zero at \$12,880 per year.
- Under this proposal, eligible workers would receive a State-funded EITC on par with the combined federal and state EITC currently available to childless workers age 25 and over, yielding a maximum credit of approximately \$569.

Important points to consider:

- Working young people should be eligible beginning at age 17. This will provide an additional financial reward and incentive to work for disconnected youth and those living independently.
- Youth who are full-time students should definitely be eligible, since many low-income students combine a full-time academic curriculum with employment to afford the costs of living plus the costs of education.