The Earned Income Tax Credit (EITC) is a federal tax credit for low- and moderate-income working people. The credit was first enacted in 1975 under President Gerald Ford. It was expanded by President Ronald Reagan in 1986, who applauded it as an anti-poverty, pro-family, job creating measure, and has been enhanced several times over the years.

Many states have build on its effectiveness by matching a percentage of the federal credit. In 2007, Louisiana became the first Southern state to enact a state EITC. The Legislature expanded the EITC in 2018 from 3.5% to 5% of the federal credit, but the expansion is only temporary and expires in 2025. Despite being the first Southern state to enact an EITC, Louisiana’s EITC is one of the lowest in the nation.

THE EITC'S IMPACT ON LOUISIANA

- 493,000 The number of households claiming the EITC in Louisiana
- $144 The average amount that Louisianans claiming the EITC got on their state tax return
- $70 million How much the state EITC injects into local economies

Source: Internal Revenue Service
The federal EITC moved 5.6 million people - including 3 million children - out of poverty in 2018. Strengthening household income through the EITC pays dividends. Children whose parents claim the EITC are more likely to:

- Do better in school
- Finish high school
- Attend college
- Have healthier birth weights
- Have overall improved health outcomes

Legislators have an opportunity to strengthen the EITC this session:

- **House Bill 299** by Rep. Ted James: Increases the EITC to 10%
- **House Bill 300** by Rep. Ted James: Eliminates the mandatory decrease in 2025
- **House Bill 660** by Rep. Jason Hughes: Strengthens the EITC for childless low-wage workers