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TO: Concerned Parties
FROM: Hilary O. Shelton, Director, Washington Bureau

NAACP-SUPPORTED EARNED INCOME TAX CREDIT, CHILD TAX CREDIT AND AMERICAN OPPORTUNITY TAX CREDIT MADE PERMANENT

PROVEN TAX CREDIT PROGRAMS HELP LIFT APPROXIMATELY 16 MILLION AMERICANS AND 2.8 MILLION AFRICAN AMERICANS OUT OF POVERTY

THE ISSUE

Just before leaving Washington, D.C. for the 2015 holidays, Congress passed and the President signed into law H.R. 2029, which combined the Consolidated Appropriations Act of 2016 and the Protecting Americans from Tax Hikes Act of 2015. This legislation made permanent several “tax extenders,” which were originally implemented in 2009 and due to expire in 2017, including certain provisions in the Earned Income Tax Credit (EITC); the Child Tax Credit (CTC); and the American Opportunity Tax Credit (AOTC) (a tax credit designed to help families pay for college). While it has been difficult to measure the success of the AOTC in lifting Americans out of poverty, the improvements in the EITC and the CTC which were made permanent by this bill have greatly strengthened the anti-poverty impact of the EITC and CTC. These improvements currently lift about 16 million people, including about 8 million children, out of poverty or closer to the poverty line each year. Included in these figures, about 2.8 million African Americans, including about 1.5 million children, are lifted out of poverty or made less poor each year by the improvements in the EITC and the CTC which are now a permanent part of the tax code.

While the NAACP agrees with critics of the legislation that we need a more comprehensive overhaul of the tax code than was provided by this legislation, we were nevertheless very pleased to see the inclusion of the EITC, the CTC, and the AOTC extenders included in the final version of this package. Along with “special interests,” this means that some of the concerns of low-and moderate income Americans, for which the NAACP has loudly and consistently advocated, were heard.

The EITC and CTC expansions, first passed in 2009 and subsequently extended at the end of 2010 and 2012, are some of the biggest legislative accomplishments in reducing poverty and inequality, in a number of years. These EITC and CTC improvements benefit more than 50 million people in low- and modest-income working families with incomes up to about $50,000. With these improvements, the EITC and CTC will now continue to keep more children out of poverty than any other federal program.