



OFFICE OF THE GOVERNOR

ROD BLAGOJEVICH - GOVERNOR

NEWS

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Gov. Blagojevich signs law expanding Illinois Earned Income Tax Credit to 100,000 more Illinoisans

SPRINGFIELD— Governor Rod R. Blagojevich signed legislation today expanding eligibility for the Illinois Earned Income Tax Credit (EITC) refund to an additional 100,000 Illinoisans. **Senate Bill 338**, sponsored by State Representative Barbara Flynn Currie (D-Chicago) and State Senator Jacqueline Y. Collins (D-Chicago), ends the provision in current law that requires individuals to qualify for federal Temporary Assistance for Needy Families (TANF) money in order to receive an Illinois EITC refund.

“The Illinois Earned Income Tax Credit puts money back in the pockets of 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. This law will make sure that those Illinoisans who are working hard get the assistance they need,” said Gov. Blagojevich.

SB 338 will reduce 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 an EITC refund, they also had to remain eligible for the federal 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.

TANF, a federal program, replaced the old “welfare” system and gives states spending flexibility as long as they pursue one or more of the goals of the block grant. The Illinois EITC was modeled after the federal EITC credit created as an incentive to work. In 2003, the Governor signed legislation making the EITC refundable as long as individuals and families were TANF eligible. Under the new law, the state will use money from the General Revenue Fund to supplement TANF funds and pay the tax refunds for the additional Illinoisans eligible.

The Illinois EITC equals five percent of the federal credit and this year provides a maximum Illinois benefit of \$227. The amount of the federal credit is determined by family size and income, with the maximum income for a typical family with two children of \$38,348.

“This legislation takes a step forward in cutting back red tape and making life a little easier for those in our state whose paychecks don’t pay the bills,” said bill sponsor Representative Currie. “In a year of rising gas prices, utility rates, and grocery costs, we need to give hardworking Illinoisans a helping hand, and I believe expanding access to the EITC helps us do that.”

Throughout the Governor’s administration, the number of people receiving the Illinois EITC has increased yearly. In 2002, the Governor’s first term, 638,000 individuals received refunds totaling \$50,333,753; last year 764,463 Illinoisans, more than ever before, received refunds totaling \$75,631,644.

SB 338 becomes effective immediately.