



Michigan Catholic group vows to defend tax break for working poor

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Day 31: This is one in a series of posts assessing key developments during Gov. Rick Snyder's self-imposed 182 days to chart a new course for Michigan by July 1. For earlier posts go to mlive.com/stateofchange.

With the Michigan Earned Income Tax Credit received by thousands of lower-income families apparently on chopping block, groups are launching an effort to save it.

Gov. Rick Snyder today **unveils** his "Citizens Guide to Michigan's Financial Health," and its release will serve as a launching pad for months of negotiations over how to close a \$1.8 billion budget deficit and finance on top of that a business tax cut in the range of \$1.5 billion.

Michigan's EITC, approved in the Granholm administration with bipartisan support, provides a refundable credit equal to 20 percent of the federal credit EITC qualifying families receive. But it's also expensive, costing some \$354 million in fiscal 2011.

House Republicans say they want to repeal the credit that the Michigan League for Human Services say benefits 700,000 working parents and their children and keeps 25,000 families out of poverty.

Paul Long, president and CEO of the **Michigan Catholic Conference** said saving the credit is one of the group's top legislative priorities.

"The expense of the Michigan EITC is mitigated by the amount that is spent in the local economy by those who receive the credit; therefore, the EITC has a dual purpose: to act as a barrier to poverty and an incentive to work, and as an economic boost for local communities," said Long.

"At a time when Michigan's unemployment rate continues to hover above 11 percent, we are urging those who craft state policy to seriously evaluate how any reform of state government will impact the elderly and frail, the poor and disadvantaged," he added.

Snyder said Friday that all tax exclusions, credits and breaks that in 2011 will total nearly \$34 billion merit

review. Nearly \$2.6 billion of them would be wiped out with the repeal of the Michigan Business Tax, which the Senate Finance Committee will take up Wednesday.

Snyder's tax plan would replace the MBT with a flat 6-percent tax on the profits of firms who pay federal corporate income taxes. How he'll balance the budget and pay for his taxes will be detailed Feb. 17 with the introduction of his 2012 state budget.

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