



## WISCONSIN CATHOLIC CONFERENCE

TO: Assembly Committee on Ways and Means

FROM: Barbara Sella, Associate Director for Respect Life and Social Concerns

DATE: February 2, 2022

RE: AB 692, Eliminating the EITC Marriage Penalty

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The Wisconsin Catholic Conference (WCC), the public policy voice of the Catholic bishops, urges you to support Assembly Bill 692, which allows newly married individuals struggling with poverty to retain assistance through Wisconsin's Earned Income Tax Credit (EITC).

Both the federal and state EITC provide added income to low-wage workers and help stabilize families facing financial challenges. The current Wisconsin EITC is limited to workers with children and is calculated as a percentage of the federal credit, with four percent provided to families with one qualifying child (\$110 maximum credit), 14 percent for two children (\$635 maximum credit); or 43 percent with three or more children (\$1,950 maximum credit).

Poverty scholars, including researchers at the University of Wisconsin Institute for Research on Poverty (IRP), have demonstrated that the EITC significantly helps alleviate poverty for struggling families. While recent increases in earnings, resulting in payroll tax increases, have reduced the effect of EITC refunds, in times of more limited wage growth, the IRP has found that “[t]he second largest antipoverty effect was from tax provisions such as the EITC.”<sup>1</sup> In times of strife, this funding helps families meet large, one-time expenses and allows them to more fully participate in the economic life of their communities.

Under AB 692, individuals who are eligible for the EITC will not have to forgo marriage to preserve a credit of hundreds or thousands of dollars. Instead, an EITC claimant who marries can claim the greater of either the EITC calculated based on his or her married status, or the combined EITC that each spouse claimed individually in the immediately preceding taxable year. The credit may continue to be claimed for the next two taxable years. Assembly Bill 692 also allows a married couple that would otherwise be ineligible to claim the Wisconsin EITC, to continue to claim the credit if the claimants' federal adjusted gross income is less than the annual U.S. Internal Revenue Service's federal credit phase down amount plus \$20,000.

Assembly Bill 692 removes any impediment to marriage by ensuring couples are not penalized for their nuptials. This is not a “bonus” for getting married – a newly married couple does not receive more per person than what they were eligible to receive prior to marriage. However, AB

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<sup>1</sup> Timothy M. Smeeding and Katherine A. Thornton, [\*Wisconsin Poverty Report: The Recovery from the Great Recession Lowers Poverty Rates in 2015\*](#), Institute for Research on Poverty University of Wisconsin–Madison, May 2017. p. 11.

692 ensures that the EITC program does not discriminate against newlyweds. Instead, EITC refunds can be used to meet the emerging needs of a newly married couple, such as acquiring safe and stable housing, becoming new parents, or meeting the needs of a growing family.

We strongly believe that this bill is the type of meaningful reform that addresses real needs and improves the lives of children and families. We are confident that this legislation is something that all can support.

Thank you.