

September 10, 2007

The Honorable \_\_\_\_\_  
Michigan State Senate  
P.O. Box 30036  
Lansing, MI 48909-7536

**Comment:** This letter was sent to Senators Cassis, Allen, and Jalenik.

Dear Senator \_\_\_\_\_:

The Community Economic Development Association of Michigan (CEDAM) is writing to ask for your reconsideration on Senate Bill 662, which proposes a freeze on the newly enacted Michigan state Earned Income Tax Credit (EITC) until the state's reserve fund reaches \$250 million.

CEDAM is a nonprofit organization established to promote rebuilding neighborhoods and revitalizing communities throughout Michigan. It is a voluntary association of community development corporations (CDCs), individuals, and other organizations interested in promoting and expanding community economic development across the state of Michigan. Our members help low- and middle-income people find jobs, housing, and preserve and build assets.

It is unfortunate in a time when Michigan's families are struggling to make ends meet that such a bill would be introduced. In the state of our current economy, delaying the enactment of the state EITC would only continue to put families at-risk for slipping into poverty.

The working poor should not be penalized for Michigan's budget problems, because they are the ones who need the most help. Our working poor families have not benefited from recent tax breaks as much as some other groups. Further, the current state tax structure hurts our working poor by making all taxpayers pay the same rate on their income no matter how much they make.

Allowing the Michigan EITC to go into effect on schedule will help to boost local economies, thereby assisting businesses, who are also in need. The tax credit will provide working poor families with supplemental income to put money back into our economy, and research indicates that those who receive the federal EITC tend to make large purchases with their tax credit.

We urge you to find another strategy to solve Michigan's budget crisis and to reward our hard working families with a much deserved tax credit. Please feel free to contact me with any questions regarding this letter or CEDAM's position on EITC.

Sincerely,

Angie Gaabo  
Executive Director