

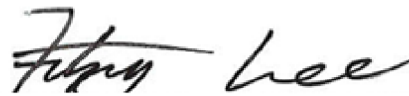
Government of the District of Columbia
Office of the Chief Financial Officer



Fitzroy Lee
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Fitzroy Lee
Chief Financial Officer 

DATE: July 5, 2022

SUBJECT: Fiscal Impact Statement – Earned Income Tax Credit Expansion
Clarification Amendment Act of 2022

REFERENCE: Bill 24-616, Committee Print as provided to the Office of Revenue
Analysis on June 29, 2022

Conclusion

Funds are sufficient in the fiscal year 2022 and proposed fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill.

Background

Federal and District Earned Income Tax Credits¹ (“EITCs”) are refundable income tax credits for low and moderate income workers. When the Department of Human Services determines eligibility for public assistance programs² such as Temporary Assistance for Needy Families, EITCs are not considered part of an individual’s earned income.³

The District’s EITC was recently increased and from 2023 will be paid through periodic payments⁴. The bill clarifies that EITCs, and other refundable tax credits are not considered part of an individual’s earned income for purposes of determining eligibility for public assistance. The bill also conforms the definition of income for the Supplemental Nutrition Assistance Program.

¹ For background on the Federal EITC, visit (<https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit-eitc>) and for background on the District EITC, visit <https://otr.cfo.dc.gov/page/earned-income-tax-credit-dc>.

² D.C. Official Code § 4–202.01.

³ D.C. Official Code § 4–205.05(1).

⁴ Earned Income Tax Credit as Basic Income Amendment Act of 2021, D.C Law 24-45

The Honorable Phil Mendelson

FIS: Bill 24-616, "Earned Income Tax Credit Expansion Clarification Amendment Act of 2022," Draft Committee Print as provided to the Office of Revenue Analysis on June 8, 2022

Financial Plan Impact

Funds are sufficient in the fiscal year 2022 and proposed fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill. The bill is a clarification of current law, which already disregards Earned Income Tax Credits for the purpose of determining eligibility for public assistance programs. The clarification is not expected to change the total number of people eligible for public assistance.