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NEWS RELEASE

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RELEASE: March 10, 1998

Governor Urges Low and Moderate-Income Families to Apply for Federal Earned Income Tax Credits

Stating that as many as 70,000 families failed to claim about \$100 million in tax credits due them last year, Gov. Christie Whitman today urged low and moderate-income working families to apply for an Earned Income Tax Credit when they fill out their 1997 federal income tax returns.

"Each of the families that didn't claim the Earned Income Tax Credit last year lost out on checks from Uncle Sam that averaged \$1,400," Gov. Whitman said. "Add them up and it means that about \$100 million in tax refunds didn't come to deserving families in our state. That's about \$100 million that didn't come back into our economy to create jobs."

"Working families who earned less than \$30,000 last year are eligible for the Earned Income Tax Credit," the Governor said. "Even if a wage-earner doesn't owe federal income tax, the IRS may owe that person money. A family with two or more children can get up to \$3,600. Families with one child can get up to \$2,200. And even couples with no children can get up to \$300 or more."

The Governor pointed out that a New Jersey Gallup survey showed that 90 percent of those who received an Earned Income Tax Credit (EITC) check from the IRS used it to help purchase household goods and pay bills.

To be eligible for EITC, those filing must have earned income from wages or self-employment. Their income must be less than \$29,290 if they had two or more qualifying children, less than \$25,760 if they had one qualifying child.

A worker without a qualifying child must earn less than \$9,770, be at least 25 and under 65, not be eligible to be a dependent and must have a primary home in the United States for more than half the year. No one with more than \$2,250 in investment income, such as interest or dividends, can claim the EITC.

Even those who earn too little to file a tax return may be eligible for the credit. The credit is based on income and the number of qualifying children that workers have living with them for more than half the year, or for the whole year if they have foster children.

Last Year, some 434,000 New Jersey families filed for the EITC. But it is estimated that up to 20 percent of those eligible do not file. For the last six years, an extensive public-awareness campaign has been in effect to reach EITC-eligible families.

Leading the campaign is the New Jersey Department of Human Services and other state government agencies; the Association for Children of New Jersey, Public Service Electric & Gas (PSE&G;) and the Internal Revenue Service.

As the lead EITC partner among New Jersey's energy utilities, PSE&G; has funded the printing of 100,000 campaign flyers and 300,000 envelope inserts distributed to New Jersey residents thorough state agencies.

Human Services Commissioner William Waldman stressed that the EITC is important for families who are trying to support families without depending on welfare.

"The credit helps encourage self-sufficiency by rewarding those who work," he said. "For some families, this money is the difference between depending on one's self and depending on the system."

For more information on the EITC and on free tax return preparation assistance available through the IRS' local Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) program, New Jersey residents can call the IRS at 1-800-829- 1040.
