



Enough: Earned Income Tax Credit's Failure Wasn't Because "Corporate Interests" Were Prioritized

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In the last few days, [several Missouri editorial boards](#) have published pieces bemoaning the income tax cuts passed by the Missouri legislature, particularly the omission of an earned income tax credit (EITC.) As our readers know, Show-Me Institute writers have been [strong proponents of a non-refundable EITC](#), and I supported its inclusion in the comprehensive tax reform packages that were filed this year. The program has the potential to help low-income Missourians, and is [a far superior reform to bad ideas like minimum wage increases](#).

That's why it was so disappointing that just as the EITC was on the verge of passing the Senate [as part of House Bill 2540](#), an amendment struck. The proposed amendment, offered by an EITC supporter, [would have stripped out the provision that would have essentially funded the EITC](#) and an additional 0.1% reduction to the individual income tax. In response, the bill sponsor proposed instead to omit those effectively co-dependent sections from the final legislation, and that's what the Senate agreed to. The revenue source for the EITC was gone, and with it, the EITC as well.

That's why the cookie-cutter characterizations of the EITC ordeal by some Missouri news

outlets is so off-putting. First, to portray tax reform [as an either-or proposition](#) —that you're either "for corporations" or "[for working families](#)" —is fundamentally wrong as a framework for understanding tax policy. But secondly, to offer that portrayal with respect to the tax reform push of 2018, which included an EITC up until the final hours of the session, is especially misleading. Had it not been for the curious legislative decision to play chicken with a revenue provision in the waning hours of the session, the EITC would be on its way to enactment today. Alas, it isn't.

A non-refundable EITC remains good policy. While its prospects are good for future years, it is nonetheless unfortunate that it did not pass in 2018. But to suggest that its failure this year was a matter of some form of class warfare is simply wrong, and unhelpful to Missouri newsreaders.

About the Author



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