

February 15, 2022

The Honorable Gretchen Whitmer  
Governor  
PO Box 30013  
Lansing, MI 48909

The Honorable Jason Wentworth  
Speaker of the House  
State Capitol  
Lansing, MI 48909

The Honorable Donna Lasinski  
House Democratic Leader  
State Capitol  
Lansing, MI 48909

The Honorable Mike Shirkey  
Senate Majority Leader  
State Capitol  
Lansing MI 48909

The Honorable Jim Ananich  
Senate Minority Leader  
State Capitol  
Lansing MI 48909

**Re: Expansion of the Michigan Earned Income Tax Credit (EITC) (SB 417)**

Dear Governor Whitmer and Quadrant Leaders,

Our chambers of commerce, representing thousands of businesses who employ countless Michiganders across the state, believe we have an opportunity before us to significantly increase the economic well-being of all Michiganders and build a market economy that as it grows benefits all. We can move closer to this goal by expanding Michigan's Earned Income Tax Credit (EITC) through legislation (Senate Bill 417) proposed by Senator Wayne Schmidt, and soon to be considered by the Senate Finance Committee. Passage of Senate Bill 417 would prompt a phase-in expansion of Michigan's EITC over four years, to a 30% match of the federal credit.

We support and applaud this legislation, as it exemplifies a pro-work philosophy and provides financial incentive to increase participation in the workforce; as you are aware, workforce challenges are top-of-mind for the business community, and these challenges are predicted to continue for at least another decade. Nearly six in ten Michigan jobs pay less than what is required for a family of three to be considered middle class (\$47,000.) These struggling families are simply hard-workers, getting up every day and working hard to earn a living. What low-wage workers need most is income; not programs. Offsetting some tax responsibility through an expansion of the EITC will help boost earnings for struggling families, providing them an opportunity to step up and out of poverty toward meaningful economic security.

We offer a strong business case for the expansion of Michigan's EITC:

**The EITC encourages work:** It is explicitly designed to encourage greater participation in the workforce because it is only available to families that work. In a time when many employers are having difficulty filling available jobs, the EITC has a proven track record of pulling people into the workforce.

**The EITC increases local purchasing power:** Research indicates that families mostly use the EITC to pay for necessities, repair homes, maintain vehicles that are need to commute to work and, in some cases, obtain additional education. The bigger the credit, the more money spent in locally.

At an estimated cost of a half-billion dollars, the expansion of the EITC should serve as the cornerstone of the state's economic recovery plan post-pandemic. At the end of three years, as the Federal pandemic funds run out, an overall assessment of the program should be undertaken and determined if the higher level should be continued from general revenue sources.

We urge you to continue an open conversation that results in a winning solution for Michigan families and the Michigan economy, as well. We urge your support of Senate Bill 417. We stand ready to assist you in any way possible towards passage of this critical legislation.

Sincerely,

Bay Area Chamber of Commerce  
Detroit Regional Chamber  
Flint & Genesee Group  
Grand Rapids Chamber of Commerce  
Lansing Regional Chamber of Commerce  
Michigan West Coast Chamber of Commerce  
Midland Business Alliance  
Saginaw County Chamber of Commerce  
Traverse Connect