

The San Francisco Independent

Opinion

Commentary

S.F.'s new tax credit

By **Roberta Achtenberg** | Special To The Examiner

Published on

URL: http://www.examiner.com/article/index.cfm/i/011405op_achtenberg

Contrary to popular perception, most businesses recognize that it is in their best interest to understand and address the needs of their employees. That is why, on behalf of its member businesses, the San Francisco Chamber of Commerce promotes housing, skills training and education initiatives that benefit workers and their families. It is also why the chamber has been a longtime advocate of benefits for domestic partners.

The new year here in San Francisco is getting off on the right foot with Mayor Gavin Newsom's new Working Families Credit. The Working Families Credit will supplement the earnings of low-income workers with children, at no cost to their employers.

The Working Families Credit is modeled after the federal Earned Income Tax Credit. A refundable credit, the EITC provides up to \$4,300 back to qualified workers, and is available to families with incomes up to \$35,458. The EITC has proven an effective way to promote work and combat poverty. In fact, most families use their refund for purchases that support their work efforts (such as car repair), to pay off bills or to save for investments in education or a home. As a result, the EITC has broad bipartisan support at the national level. Seventeen states and the District of Columbia have enacted EITCs based on a percentage of the federal EITC.

In the absence of a California EITC, San Francisco's mayor has taken the bold step of instituting a local program. The Working Families Credit will supplement families' earnings. It will also help local businesses by rewarding work and putting more money in the hands of residents who will spend it locally. In addition, the Working Families Credit will provide an extra incentive for San Francisco families to access the federal EITC. Last year, by not applying for the EITC, San Francisco residents left more than \$12 million in Washington, D.C. that could have been spent here at home to bolster our local economy.

While modeled on successful programs elsewhere, the Working Families Credit is unique. Taking The City's tight budget into account, Mayor Newsom created the Working Families Credit as a public/private partnership, with the sponsorship of H&R Block. H&R Block is supplementing public investment with a \$1 million charitable donation and is helping to market the tax credit to eligible residents.

The success of the Working Families Credit is dependent upon all of us. We need to get the word out and encourage all eligible families to apply. Because the program targets workers, businesses are key to help educate workers and to disseminate information. Businesses with entry-level, part-time or seasonal workers who make less than \$36,000 should help their workers take advantage of the Working Families Credit and EITC. Posters can be hung in break rooms, flyers or applications distributed in paychecks, and articles inserted in in-house newsletters. Some companies may want to host a workshop for employees.

It's up to us to pull together to help our employees, businesses and community. The Working Families Credit offers just such an opportunity. Let's not waste it.

Roberta Achtenberg is senior vice president of public policy at the San Francisco Chamber of Commerce.