



breadfortheworld
HAVE FAITH. END HUNGER.

Tax Policy Is a Hunger Issue

Bread's Role and Commitment

Bread for the World is a bipartisan collective Christian voice that urges our nation's decision makers to end hunger at home and abroad. Scripture indicates that government has a role to play in the protection and development of people. The biblical record assumes that taxes should provide for the functioning of government. Jesus said that people should pay taxes, "Render therefore to Caesar the things that are Caesar's, and to God the things that are God's" (Matthew 22:21). Jesus also expressed a progressive view of fairness, "From everyone to whom much has been given, much will be required" (Luke 12.48).



Laura Elizabeth Pohl for Bread for the World

Bread's Tax Policy Priorities

As Congress debates tax reform legislation, Bread for the World urges lawmakers to:

1. Increase equity and fairness in the tax code. Changes to the tax code should benefit low-income families. They are struggling while corporate profits and the incomes of high-income families and individuals have soared.

Since the 1980s, the tax burden on corporate income has decreased significantly. When corporate taxes decrease, the burden of funding the government falls more on low- and middle-income workers, who have seen relatively little improvement in their wages in recent decades. Between 1979 and 2015, the wages of the top 1 percent grew 192 percent, while the wages of the bottom 20 percent only grew by 46 percent.¹

2. Maintain and strengthen tax credits for low-income workers. When combined with the child tax credit (CTC), the earned income tax credit (EITC) does more to encourage work and reduce hunger and poverty than any other government program.

In 2015, the EITC moved 6.5 million people in United States out of poverty, including 3.3 million children. The EITC and CTC together helped 9.8 million people move out of poverty in 2015 and made another 22 million people less poor.² However, in that same year, 7.5 million working adults who were not raising children were *taxed into* poverty because under the existing tax code they are ineligible to receive the EITC.³

The EITC encourages more workers to enter the labor force and reduces the cost of labor, allowing employers to hire more workers. Bread for the World recommends the following to further strengthen the EITC:

- Make workers who are not raising children at home eligible to receive the EITC⁴
- Lower the eligibility age to 21 to encourage young adults to pursue a job
- Increase the maximum credit⁵ to strengthen food-insecure households

Currently, more than 5 million children under age 6 live in households with at least one working parent who earns too little to qualify for the full CTC credit.⁶ Lowering the phase-in rate and including the first \$3,000 of earnings would extend the CTC to the poorest working families.

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3. Block efforts to finance tax cuts for high-income people by cutting programs that help low-income people. Tax cuts that decrease revenues would hurt many Americans because there will be a lack of funding available for programs that benefit low-income families. Any losses in revenue increase the likelihood of deep cuts to the Supplemental Nutrition Assistance Program (SNAP), Medicaid, job training, and other programs that are critical to ending hunger. Tax reform should be funded by eliminating tax loopholes, not by cutting low-income programs.

4. Encourage work and allow new markets to flourish. The new market tax credit (NMTC) allows new markets to flourish, addressing hunger and poverty by providing credit to businesses in credit-starved communities. Cumulatively, the NMTC has done more to reduce the number of food deserts than any other program. More than 72 percent of all NMTC investments have been in communities exhibiting severe hunger.⁷

The work opportunity tax credit (WOTC) give employers additional incentive to hire people who face significant barriers to employment, including individuals with felony records.⁸

We urge our nation’s leaders to enact tax policies that do not harm, but rather expand opportunity for people who are struggling with hunger and poverty.

Endnotes

¹ Chad Stone, Danilo Trisi, Arloc Sherman and Emily Horton (October 11, 2017) “A Guide to Statistics on Historical Trends in Income Inequality,” Center on Budget and Policy Priorities.

² Emily Horton (October 19, 2016), “EITC, CTC Together Lifted 9.8 Million out of Poverty in 2015,” Center on Budget and Policy Priorities.

³ Center on Budget and Policy Priorities (April 19, 2016), Childless Adults Are Lone Group Taxed Into Poverty

⁴ Center on Budget and Policy Priorities (October 21, 2016), Policy Basics: The Earned Income Tax Credit.

⁵ Center on Budget and Policy Priorities (April 19, 2016), Childless Adults Are Lone Group Taxed Into Poverty.

⁶ Center on Budget and Policy Priorities (September 13, 2017), How Tax Reform Can Raise Working-Class Incomes

⁷ New Markets Tax Coalition (December 2016), *New Market Tax Credit: At Work in Communities Across America*.

⁸ Federal Interagency Reentry Council: Reentry Myth Buster on Employer Tax Credits.