



SENATOR
JOHN BRODEN
116TH INDIANA GENERAL ASSEMBLY ★ SENATE DISTRICT 10

NEWS RELEASE

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Broden supports bankruptcy exemption for Earned Income Tax Credit
Senate Appropriations Committee advances plan to protect low-income credit

INDIANAPOLIS – The Senate Appropriations committee voted 9 to 2 Thursday to approve House Bill (HB) 1021 sponsored by State Senator John Broden (D-South Bend) that would allow for exemptions to be made in bankruptcy matters. The bill would allow a debtor's Indiana Earned Income Tax Credit (EITC) to be considered exempt property under the bankruptcy property exemption statute.

"This bill would help to preserve one of the largest anti-poverty tools in the state," said Sen. Broden. "This refundable tax credit is designed to encourage low-income workers and offset the burden of payroll taxes on employers."

In 2008 the General Assembly increased Indiana's EITC to 9 percent of the federal EITC received by a taxpayer. More than 493,000 Hoosiers benefitted from the EITC that year, receiving an average credit of \$1,991. In total, the EITC put nearly \$981.6 million back into the pockets of working Hoosier families. However, the IRS estimates that over 25 percent of eligible individuals do not claim the credit.

Sen. Broden said that at a time when Hoosier families are hurting from the economic recession and the rate of personal bankruptcies filings is up, this bill may be more important to working families than ever before. The money gained from these credits could help Hoosier families pay for essential services like health care, child care and other expenses.

"Current Indiana law already provides that an individual's federal earned income tax credit is exempt," said Broden. "So it only makes sense that in financially troubling times that one's state earned income tax credit be protected as well."

The bill now moves for further consideration by the full Senate.

For more information on Broden, his legislative agenda or other State Senate business call 1-800-382-9467 or visit www.senatedemocrats.in.gov.

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