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NEWS RELEASE

Governor Jon S. Corzine
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GOVERNOR CORZINE CEREMONIALLY SIGNS LEGISLATION TO HELP WORKING FAMILIES

NEWARK - While attending the 2008 opening of the Free Tax Preparation Center in Newark, Governor Jon S. Corzine today ceremonially signed two bills to assist low-and moderate-income working New Jersey families. The first bill, S-2647 expands program eligibility and enhances the benefit amount under the New Jersey Earned Income Tax Credit (EITC). The second bill, A-1698, permits free tax preparation centers (VITA sites) to offer Alternative Refund Anticipation Loans (A-RALs) to low income New Jersey filers without high fees or interest charges.

"With the expansion of the Earned Income Tax Credit, we are providing new economic opportunities to nearly 300,000 additional low- and moderate-income working families across the state," said Governor Corzine. "By helping these families earn their way out of poverty, we are supporting self sufficiency and ensuring better lives for their children. I would encourage all eligible families to apply for these credits when they file their taxes this year.

"Low-and middle-income filers can use tax preparation centers such as this one run by Citizen Action and be guaranteed certain consumer protections without being charged excessive rates for these services."

The EITC is a targeted income tax benefit that lessens the burden of payroll taxes for Social Security and Medicare. Under the new law, the credit is now available for married families with two or more children earning up to \$39,783 and for single parents with two or more children who earn up to \$37,783. These figures will be adjusted annually for inflation. Additionally, married workers without children who earn less than \$14,590 are now eligible to receive EITC benefits in New Jersey for the first time. Individuals without children and earning less than \$12,590 may also qualify.

This program expansion is the first step in a three-step commitment. Step two, in fiscal 2009, requires raising the benefit level from 20 percent of the federal credit to 22.5%, and step three, in fiscal 2010 involves raising the benefit level to 25 % of the federal benefit.

"The expansion of the tax credit will provide assistance for hundreds of thousands of the poorest citizens of our State," said Senator Ronald L. Rice, (D-Essex). "In these tough financial times we need to make sure that we do not turn our backs on the poorest New Jersey families. This law will bridge the gap between classes."

"Unfortunately, America continues to see a widening gap between the haves and the have-nots - a gap we can reduce through the EITC," said Senator Shirley K. Turner, (D-Mercer). "By doubling the number of EITC recipients with this bill, we are undertaking the single largest anti-poverty effort since we originally adopted the EITC in 2000."

The Alternative Rapid Anticipation Loan bill cracks down on predatory practices by companies that charge excessive costs for tax preparation and high interest Refund Anticipation Loans (RALs) to low-income workers. Tax preparers now must follow certain guidelines of professional conduct during transactions with clients. As a result, tax preparers are prohibited from requiring a client to enter into a refund anticipation loan and must be transparent about the costs involved. Tax preparers must also provide itemized statements of service charges, including charges for tax return preparation, electronic filing, and providing or facilitating a refund anticipation loan.

"Refund anticipation loans have unfairly targeted the working poor and are inherently exploitive," said Assemblyman Doug Fisher (D-Cumberland/Salem/Gloucester). "Taxpayers looking for a speedy refund will no longer have to fear that their money will be taken away by a dishonest tax preparer charging egregious fees and sky-high interest rates."

"Working people living on the economic edges need tax policies that provide a helping hand, not a cold shoulder," said Assembly Majority Leader Bonnie Watson Coleman (D-Mercer). "For countless New Jerseyans, these changes will mean the difference between watching their children grow up in poverty, or giving them the opportunities they need to succeed."

Primary sponsors of the legislation in the Senate were Senator Ronald L. Rice (D-Essex) and Senator Shirley K. Turner (D-Mercer). Assembly sponsors included Assembly Majority Leader Bonnie Watson Coleman (D-Mercer), Assemblymen Louis M. Manzo ((D-Hudson), Louis D. Greenwald (D-Camden), Wilfredo Caraballo (D-Essex), William D. Payne (D-Essex), John J. Burzichelli (D-Gloucester), Joseph Cryan (D-Union), Gary S. Schaer (D-Passaic), Alfred E. Steele (D-Passaic), Joseph Vas (D-Middlesex), Douglas H. Fisher (D-Cumberland/Salem/Gloucester), Neil M. Cohen (D-Union), Jim Whelan (D-Atlantic) and Assemblywoman Joan M. Quigley (D-Hudson/Bergen),

Primary sponsors of A-1698 were Senator Stephen M. Sweeney (D-Gloucester), Assemblyman Douglas H. Fisher (D-Cumberland/Salem/Gloucester) and Assemblywoman Nilsa Cruz-Perez (D-Camden).

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Photos and audio and video clips from Governor Corzine's public events are available in the Governor's Newsroom section on the State of New Jersey web page, <http://www.nj.gov/governor/news/>



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