

Hagan pushes to keep tax credits for military families

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UPDATED: U.S. Sen. Kay Hagan has urged the Senate Finance Committee to keep the Earned Income Tax Credit and the Child Tax Credit as it decides which tax breaks to eliminate. Hagan wrote to committee leaders to draw attention to how the tax credits help military families.

"I want to see them preserved for all families, but because there are so many current and former military families in North Carolina, I really wanted to raise this particular issue with (Senate Finance Committee) chairman (Max) Baucus and (senior Republican Sen. Orrin) Hatch," Hagan, a Democrat from Greensboro, said in an interview on Tuesday.

"I've looked at what these military families have gone through. In the last 10 years we've asked more and more of our soldiers and their families."

And for that reason, eliminating the tax credits would be wrong, she said. Hagan and nine other senators argued in a letter that the two tax credits keep more than 140,000 military families from falling below the poverty line, and help an additional 800,000 people in military families who now live in poverty.

In the letter, they said that the tax credits should remain available "for military families and many other struggling working families."

"When our troops are called to action, so too are their families," the letter concluded. "That's why supporting military families, both during and after their service, must be a public policy priority."

Baucus and Hatch wrote to fellow senators in June to ask for opinions about how to reform the tax code, and specifically which tax breaks senators want to keep and why.

A press release from the two also in June said that any tax provisions kept in the law will have to help improve the economy, make the tax code fairer or "effectively promote other important policy objectives."

Republican Sen. Richard Burr of Winston Salem, a member of the Finance Committee, joined with fellow Republicans in a letter of their own to Baucus and Hatch last week, arguing that tax reform should be revenue neutral, stressing that there should be no new taxes to provide more money for the federal government.

They wrote that "any new revenue should be generated solely from the pro-growth effects of tax reform."

The Republican senators wrote that the U.S. fiscal problems are due to the projected growth of entitlement spending.

"Tax reform should not be used as a pretense for increasing the net tax burden on American families and job creators, particularly in the absence of any serious effort to address long-term spending problems," their letter said.

The letter Hagan signed was dated Friday, which was a deadline Baucus and Hatch had set for recommendations from senators.

The Earned Income Tax Credit is for low- to moderate-income working people. The child tax credit is worth \$1,000 per child and is phased out for higher income taxpayers.

Hagan said the Earned Income Tax Credit "really plays a big role" for military families.

The North Carolina legislature, with a Republican super majority, ended the state Earned Income Tax Credit for working families with children during the session that wrapped up last weekend.

"Certainly our military families will feel the pinch because of that credit that will go away," Hagan said. The nonpartisan Budget and Tax Center in North Carolina reported 64,000 military families would be affected.

"I am certainly not in support of cutting them off at the federal level as the state has done," Hagan said.

Also signing the letter to Baucus and Hatch were: Sens. Mary Landrieu, D-La.; Mark Pryor, D-Ark.; Tim Johnson, D-S.D.; Edward Markey and Elizabeth Warren, D-Mass.; Brian Schatz, D-Hawaii; Tom Udall, D-N.M.; and Tammy Baldwin, D-Wis.; and independent Angus King of Maine.

In addition to Burr, the Republican letter was signed by Senate Republican Leader Mitch McConnell, Republican Whip John Cornyn, Conference Chairman John Thune, Policy Committee Chairman John Barrasso, Conference Vice Chair Roy Blunt and National Republican Senatorial Committee Chairman Jerry Moran; and Republican Finance Committee Sens. Chuck Grassley, Mike Crapo, Pat Roberts, Mike Enzi, Johnny Isakson, Rob Portman and Pat Toomey.
— *Renee Schoof, McClatchy Washington Bureau*

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