

**Editorial**

# EITC program for P.R.

**W**hat political party will be the first in Puerto Rico to make an Earned Income Tax Credit program a part of its platform?

So far, there has been no rush to be first, but that could change after meetings here last week of local and U.S. economists who touted the multiple benefits of the federal EITC, began in 1975 and thereafter supported by both Republican and Democratic administrations as an economy stimulant that helps lift working families out of poverty.

In Puerto Rico's case, however, a local think-tank, The Center for the New Economy, suggests that the commonwealth government create its own EITC. An EITC works on the idea that poor working families get refunded a tax credit if their income does not exceed a certain total. The highest federal refund, \$1,500, is for families making between \$10,000 and \$14,000.

Miguel A. Soto-Class, executive director of the Center for the New Economy, estimated the cost of the center's proposed EITC at between \$160 million and \$180 million a year. This compares with the \$250 million he says Gov Calderón's Special Communities programs is spending.

Additional benefits can be expected to induce poor workers to re-enter the job market and stimulate members of Puerto Rico's vast underground economy to file income tax returns.

Seventeen states have legislated into being their own EITC laws, thereby buttressing the federal program in their states. Sen. Bob Graham, D-Fla., recently introduced a bill to include Puerto Rico in the federal program. At that time, Resident Commissioner Aníbal Acevedo Vilá said he didn't give much weight to Graham's move, seeing it as a purely political gambit on the part of a presidential candidate.

Graham has since dropped out of the race for the Democratic presidential nomination, and his bill has dropped out of view.

According to Soto-Class, a 1990 study by the federal General Accounting Office found extending the federal program to Puerto Rico would be too costly. That was 13 years ago, and times and attitudes change. And, perhaps if Puerto Rico had a program of its own, a federal program could be tagged onto it as a supplement.

There never was a more appropriate time for an innovative work program here. Manuel Rodríguez Orellana, secretary of North American Affairs for the Independence Party, said Friday a local EITC program "is one of the things we are examining right now" for possible inclusion in the party's 2004 platform. A spokesman for New Progressive Party candidate for governor Pedro Rosselló said Rosselló would "welcome" either the federal or a local EITC program.

What's their next step?