

REVENUE: Yes – Revenue Impact issued

FISCAL: Yes – Fiscal Impact issued

Action: Do Pass

Vote: 4-0-1

Yeas: Hass, Rosenbaum, Telfer, Burdick

Nays: 0

Exc.: Morse

Prepared By: Chris Allanach, Economist

Meeting Dates: 5/14

WHAT THE BILL DOES: Requires the director of the Housing and Community Services Department to convene an interdepartmental work group with the purpose of expanding the number of eligible taxpayers claiming the earned income tax credit. The work group shall be within the Interagency Council on Hunger and Homelessness. Requires the work group to promote and facilitate interdepartmental collaboration to develop education and outreach strategies to ensure that eligible taxpayers are aware of both the tax credit and free tax preparation assistance. Requires the work group to develop recommendations to ensure state agencies maximize credit usage while decreasing inefficiencies. Requires the work group to report its findings to an interim Legislative committee on revenue by October 1 of each year. Repeals the bill on January 2, 2012.

ISSUES DISCUSSED:

- Current use of the tax credit
- Impact of federal dollars on local economies
- Value of a coordinated outreach effort

EFFECT OF COMMITTEE AMENDMENTS: None

BACKGROUND: Existing research indicates that the usage of the credit is less than 100 percent. The body of research covers a variety of tax years and focuses on different populations. In general, studies find that between roughly 75 and 85 percent of those eligible for the tax credit claim it on their tax returns. Research has covered a variety of factors such as geography, size of household, and whether or not a tax return must be filed by the taxpayer.