ODHS

Tax Infrastructure Grant Program

Volunteers: 500+

Tax Returns: 17,760

Refunds: $26 MILLION

Oregon Taxes Paid: $18 MILLION

Average AGI: less than $30,000 per year

Background

The Tax Infrastructure Grant Program was created by HB 4117 (2022) to increase uptake of tax credits by low-income Oregonians. Grants are limited to culturally relevant or culturally specific organizations, tribal governments, and rural community organizations. Funding supports tax credit education and free tax return preparation for low-income individuals. Funding may also be used to support and increase the number of certified tax preparers in the state.

The program was funded with $7.9 million General Fund in 2023-25. The Oregon Legislature reduced program funding to $4 million for the 2025-27 biennium. With the budget reduction, grantee organizations are funded for the 2026 tax season but will not receive funding for the 2027 tax season.

How It Works

This program leverages the existing Internal Revenue Service (IRS) infrastructure for free tax preparation assistance: the Volunteer Income Tax Assistance (VITA) program and AARP/Tax Aide. The IRS provides the tax law certification, security requirements, tax software, data platforms and general oversight. Grant funding supports volunteer recruitment, training, scheduling support, site coordinators, location leases, year-round tax assistance, computers and other IT needs, and administrative expenses.

Remarkably, the majority of the tax returns completed by these programs are prepared by unpaid volunteers. Each volunteer is certified by the IRS after 40 hours of training provided by the grantee programs. As this program has grown over the last three years, so has the pool of volunteers. Program grantees expect to have over 600 volunteers helping their neighbors with their tax returns for the 2026 tax season. This is a three-fold increase from the number of volunteers working prior to grant funding in 2022.

With the infrastructure support provided by the IRS and the significant volunteer participation, this program is very efficient. The $4 million annual budget helped 13 organizations and tribal governments and 10 high schools complete 17,760 tax returns with Oregon tax liability of nearly $18 million. Taxpayers received over $26 million in state and federal refunds.

The benefits of this program go beyond providing a tax preparation service for free. Participating taxpayers report that this program significantly reduces their stress because they find tax filing to be intimidating and confusing and do not have confidence in their ability to file without assistance. This is particularly true for taxpayers for whom English is not their primary language and for taxpayers eligible for large refunds who are often concerned that the size of the refund will trigger an “audit” by the IRS. In some cases, taxpayers have even asked for a credit to be removed because they are so concerned that it will be flagged by the IRS.

Grant funding also funds program staff who are available outside of tax season to help taxpayers respond to letters from the IRS or the Oregon Department of Revenue. These letters may ask for

proof of dependency or identity verification and can be confusing. Program staff ensure that taxpayers respond to these letters timely and correctly. Taxpayers also report that their experience included helpful education about tax credits and withholding that they had not received when working with a paid provider.

This program also helps taxpayers who are comfortable with computers prepare their own returns. Taxpayers use software and computers provided by the program to prepare their own return with staff available for questions. This process is called Facilitated Self-Assistance (FSA). It's efficient for the programs to operate and empowering for the taxpayer. The state of New York actually sponsors FSA clinics at libraries throughout the state as a way to increase tax filings and reduce the cost of filing for taxpayers.

The Earned Income Tax Credit

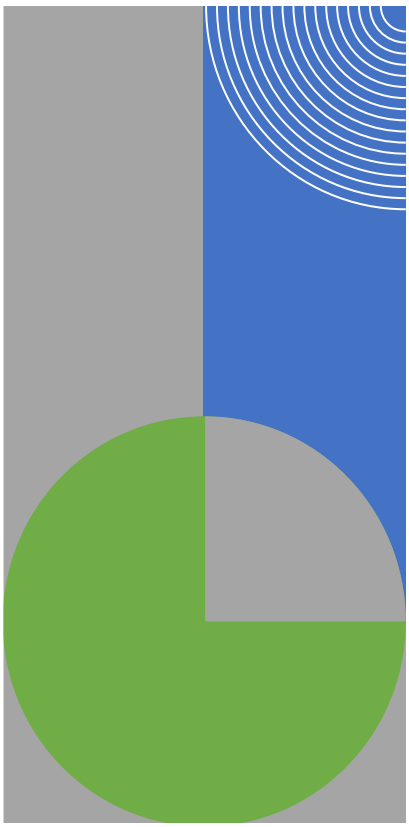
Improving uptake of the Earned Income Tax Credit (EITC) and other tax credits was a stated reason for the legislation creating this grant program. The EITC incentivizes work through refundable credits for taxpayers meeting specified income thresholds. Enacted in 1975, this credit is widely regarded as one of the federal government's most effective poverty-reduction tools.

Oregon has a history of low uptake of the EITC. From 2018 through 2022 – the most recent year for data – Oregon had an average EITC participation rate of about 75% and an average rank of 45 out of 52 jurisdictions (50 states plus Puerto Rico and the District of Columbia).

To achieve a 90% EITC uptake rate in Oregon, about 54,000 more eligible taxpayers would need to file and claim the credit. This year, program grantees filed 3,189 tax returns that included the EITC. That was about 18% of the returns they filed. Expanding the grant program into more rural areas of the state would allow program grantees to have a greater impact on the EITC uptake rate, as there are more eligible taxpayers in those areas.

Participating Organizations

The entities below were awarded grants for this program. Most operate under the Volunteer Income Tax Assistance Program (VITA) or AARP/Tax Aide to structure their work.



Burns Paiute Tribe (Burns)

NW Family Services (Portland)

Moneywise (Reedsport, Roseburg)

Oregon Legal Aid Services (Portland)

United Way Jackson County (Medford)

Warm Springs Community Action Team

Western Oregon University (Monmouth)

Oregon State University (Corvallis, Bend)

Latino Community Association (Redmond)

Centro de Servicios Para Campesino (Woodburn)

MFS CASH Oregon (Portland, Gresham, Beaverton)

Confederated Tribes of Umatilla Indian Reservation (Pendleton)

Immigrant and Refugee Community Organization (Portland, Ontario)

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A handful of organizations provide services in other ways:

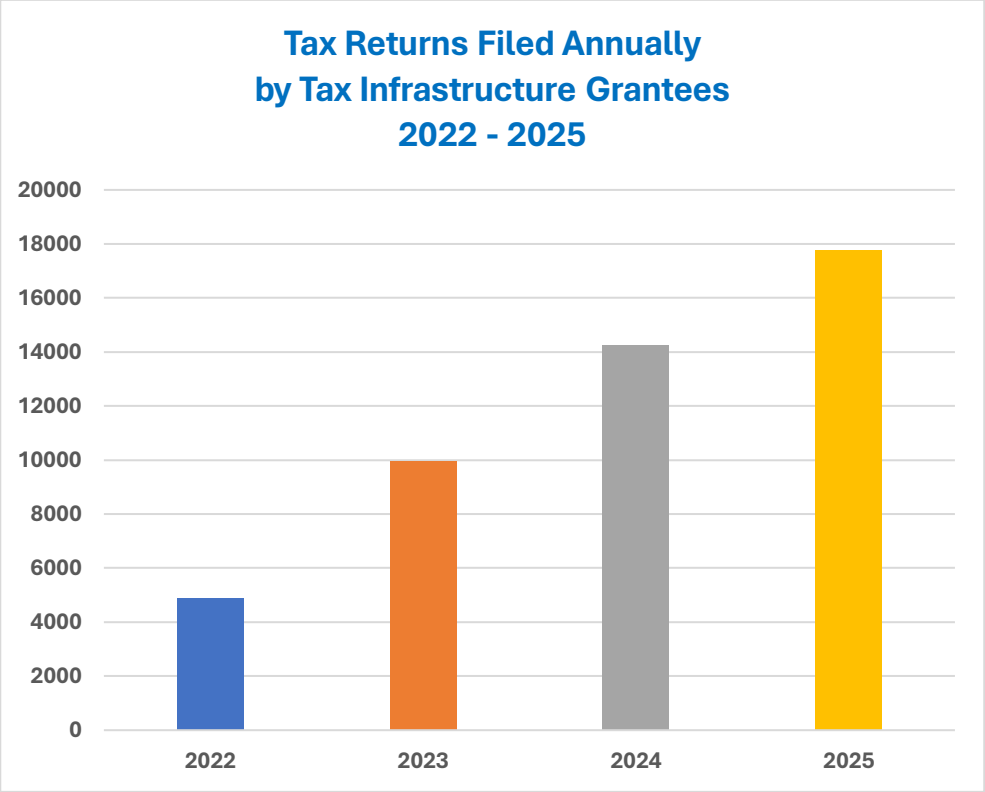
- Centro de Servicios Para Campesinos and the Burns Paiute Tribe contract with Oregon State University to provide clinics for their communities.
- NW Family Services uses the virtual filing portal operated by MFS CASH Oregon to help clients file their returns.
- The Confederated Tribes of Umatilla contract with a CPA to prepare returns for tribal members.
- Oregon Legal Aid Services prepares complex tax returns, particularly for immigrants and refugees, assists with debt resolution and wage theft cases, and provides tax law training statewide.

Number of Returns Filed

2023 was the first tax season with grant funding for the participants. As grantees have built out their programs, the number of tax returns filed as grown significantly. For 2025, the third year of operation, programs filed almost four times as many returns as they did prior to grant support. Grantees tell ODHS that the 2026 season will be their best yet with more volunteers than ever signing up to help their neighbors file.

While these filing numbers are impressive, programs are not meeting all of the need in their communities. They report that they turn away many taxpayers because they do not have enough appointments available.

Filing Data



17,760 Returns Filed in 2025

- **A 24% increase from 2024**
- **Nearly 4 times as many as were filed by programs prior to grant funding**

Adjusted Gross Income, Credits and Refunds

Average Adjusted Gross Income	**$29,799**
Average Federal Earned Income Credit	$ 1,881
Average Federal Child Tax Credit	$ 1,989
Average Federal Refund	$ 1,529
Average Oregon Refund	$ 756

For 2025, the average Adjusted Gross Income (AGI) for taxpayers using this program was under $30,000 per year, about 7% higher than 2024. While the average federal refund and average child tax credit amounts were about the same, the average Earned Incomed Credit (EITC) was 13% higher than last year. This increase in the EITC amount can be attributed to the 20% increase in returns filed with children or other dependents in 2025.

These numbers include tax year 2024 returns as well as prior year returns. About 12% of the returns filed by program grantees were for prior years.

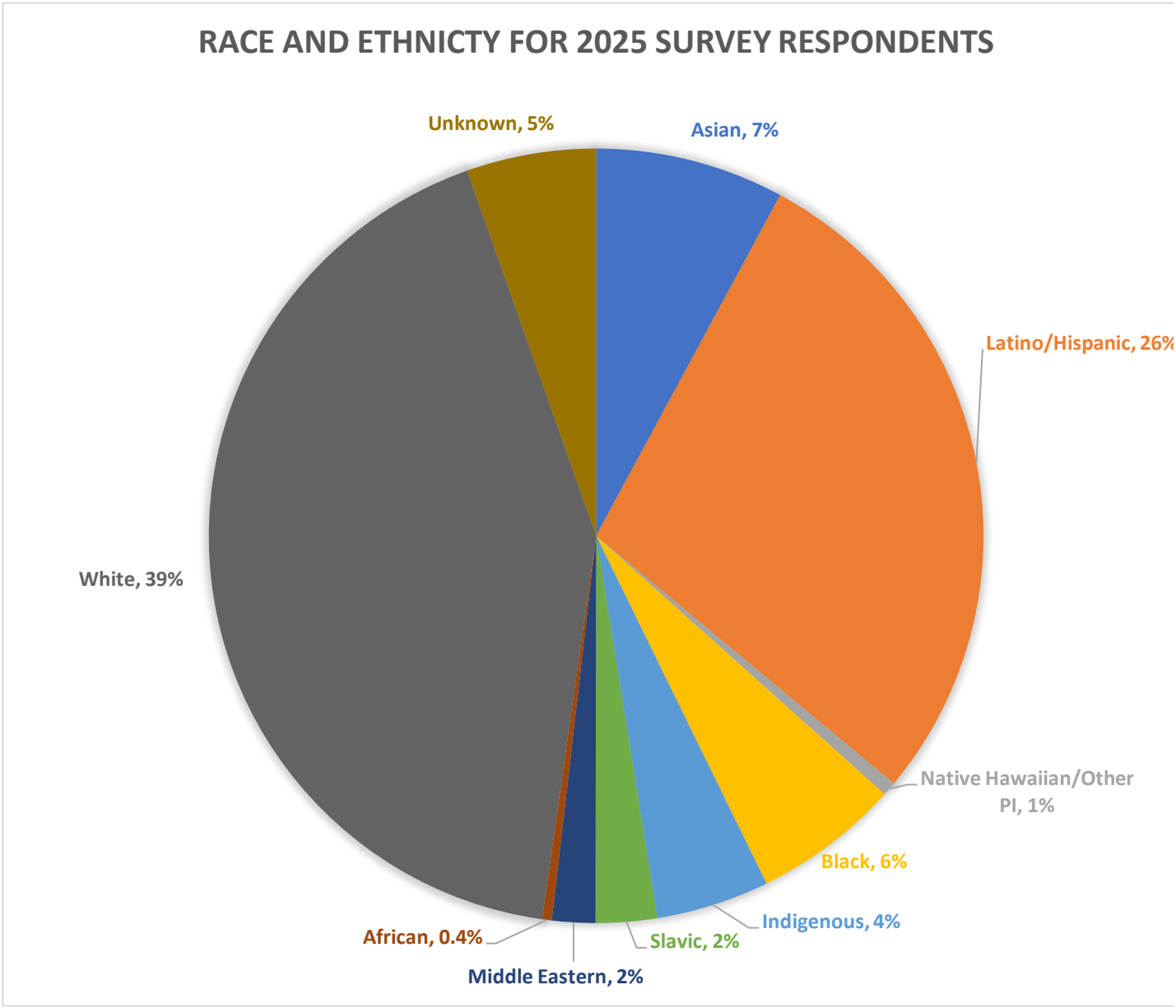
14% of returns were prepared for clients who had **never filed** or had only filed **intermittently** in the past 5 years.

Languages Offered

Program grantees offered tax preparation services in over 20 different languages.

Race and Ethnicity of Taxpayers

The IRS, which oversees VITA organizations, requires collection of race and ethnicity data in the categories below. Program grantees ask taxpayers to take a survey prior to filing. About 43% of filers complete the survey. The graph below shows the racial and ethnic breakdown of taxpayers that responded to the survey. The diversity of taxpayers is essentially unchanged from 2024.



SPECIAL PROGRAMS

Student Interns

Fifty students from Portland Community College, Portland State University, University of Portland, Reed College, and Warner Pacific College participated in an internship program with MFS CASH Oregon in Portland during the 2025 tax season. They were paid $15 per hour and received training, mentoring and career support, including an open house with accounting, finance, and government officials to learn more about potential careers.

Many of the interns were pursuing majors other than finance or accounting. Many were bilingual in Spanish or other languages. Recognizing the value of this program and the severe shortage of certified tax preparers in Oregon, some college alumni organizations paid students $1000 if they took the Tax Preparer Certification Exam following the internship.

Due to budget cuts, MFS CASH Oregon has suspended this program.

Student Workers

The need for Certified Public Accounts (CPAs) in Oregon is enormous. Hundreds of CPA's are expected to retire in the next five years.

In 2024, Oregon State University (OSU) and Western Oregon University (WOU) piloted programs that offered students jobs in their VITA clinics. Students were paid $20 per hour to prepare tax returns and were awarded class credit toward their CPA requirements.

In 2025, the pilot expanded, and between OSU and WOU, there were 56 student workers in Corvallis, Monmouth, Bend and Eugene. The OSU School of Business partnered with the Department of Foreign Languages to increase the number and variety of bilingual students in their program. Many of Western Oregon's students were also bilingual in English and Spanish. Students also worked in marketing, data analytics and site coordination.

These student worker programs have been suspended for the 2026 and 2027 tax seasons due to budget cuts. The universities will continue to use unpaid student volunteers for their VITA programs.

OSU and Western Oregon students earned **$20 per hour** and **college credits** as part of a program to support CPA-track students. Scholarships for the credits were available for students in need at Oregon State.

High School Programs

Many high school students work but do not file a tax return. They often mistakenly believe that their parents file for them. They are unaware that they must file their own return to have their excess withholding refunded.

In an effort to increase filing by high school students, grants were awarded to eight school districts to pay 19 teachers to provide free tax preparation clinics at ten urban, suburban, and rural high schools with significant numbers of students eligible to receive free or reduced-price meals. Students prepared their own returns with teachers and finance/accounting students acting as facilitators. In 2025, participating students received refunds of withholding ranging from $85 to $1018.

For the 2026 tax season, as part of an effort to encourage tax preparation as a career, the teachers will provide incentives for finance and accounting students at each high school to develop and implement a marketing plan to increase participation. Students continue to assist with tax return facilitation at the clinics.

2025 Participating High Schools

Caldera (Bend)
Centennial (Gresham)
Dallas (Dallas)
Jefferson (Portland)
Lost River (Klamath Falls)
Mazama (Klamath Falls)
McKay (Salem)
North Salem (Salem)
Oregon City (Oregon City)
South Albany (Albany)

This program has the potential to help the thousands of students who do not file a return. If 200 students at 300 high schools filed their tax returns and received an average refund of $400, that would result in $24 million for young people across Oregon. Unfortunately, due to budget cuts, the high school program will be suspended after the 2026 tax season.

Separately, five high school students in Eugene have been invited by Oregon State University to participate in the VITA program at the OSU Extension site in Eugene. They will prepare tax returns along with other community volunteers and college students. Their work will count toward their required volunteer hours for graduation or honors programs.

Youth Experiencing Homelessness

The ODHS staff person overseeing this grant program offers direct tax preparation facilitation services to youth experiencing homelessness through local organizations across Oregon. Small groups of youth prepare their own returns using IRS-approved software in a facilitated environment. Upon completion, the youth print out their returns and receive a folder to keep them in, and a plastic, string-tie “keeper” to protect the folder and all of their other important documents, like birth certificates, social security cards, passports, etc. They also receive instructions on how to file again using the same software next year. Organizations supporting homeless youth aged 18 to 24 from anywhere in the state can request this free service. Historically, youth have received refunds ranging between $300 and $13,000.

The Benefits of Filing for Taxpayers and for Oregon

This program brings significant revenue directly to Oregon. Although the average adjusted gross income for taxpayers using the program was less than $30,000, they paid state tax liabilities of almost $18 million. These refunds also automatically pay any state-held debts, such as child support, unemployment overpayments and tickets.

This program also has significant indirect economic benefits. Oregon taxpayers bring millions of federal dollars into the state through tax credits. The total dollar amount of federal refunds received by taxpayers using program grantees increased by 22% this year to $18.3 million. If you add in state tax refunds, Oregon families received about $26 million in 2025. Taxpayers report that they spend these refunds immediately to stay housed, pay for car repairs and support the needs of their children.

Filing a tax return is also the only way to get excess withholding returned to the taxpayer. As the high school and youth experiencing homelessness programs have shown, part-time workers often receive significant refunds of withholding. It is not unusual to see refunds over $1000 in those programs.

Beyond the economic benefits, these programs also reduce the workload at the Department of Revenue by filing tax returns correctly and on-time, by assisting taxpayers with tax law questions and responses to correspondence, and by providing language translation.

Impact of Budget Reduction

The 49% budget cut for 2025-27 will negatively impact the number of tax returns completed for the 2027 tax season, particularly in areas outside of the Portland Metro area. Some larger organizations will be able to continue with reduced services, but others discontinue the service. The high school program will not be funded for the 2027 tax season.

OREGON: Earned Income Tax Credit Participation

Tax Year	Participation Rate[2]: OR	U.S.	Oregon Rank out of 52	EITC Claims	Change	Total EITC $$$	Change	# of returns to 85%	Add'l $$$ at 85%	# of returns to 90%[7]	Add'l $$$ at 90%	OR EIC Claims	Change	Avg. EITC amount	Change
2024				224.2K	0.5%	$535.1M	6%							$2,387	6%
2023[1]				223K	3%	$504M	10%					213K	4%	$2,262	7%
2022	78.4%	80.8%	43	218K[6]	-33%	$460M	-19%	18K	$39M	32K	$69M	205K	-32%	$2,112	21%
2021	75.2%	81.0%	50 (T)	326K[5]	28%	$568M	9%	43K	$75M	64K	$112M	302K	29%	$1,743[4]	-15%
2020	67.9%[3]	76.3%	52	254K	-2%	$522M	-3%	64K	$132M	82K	$169M	235K	-5%	$2,058	-1%
2019	79.6%	79.3%	31	259K	1%	$538M	-1%	18K	$37M	34K	$71M	248K	3%	$2,077	-2%
2018	73.2%	78.1%	51	257K		$542M		42K	$89M	59K	$125M	241K		$2,112	
AVG	**74.9%**	**79.1%**	**45.4**	**251.6K**	**-4%**	**$522M**	**-1%**	**37K**	**$74.4M**	**54.2K**	**$109M**	**241K**	**-0.2%**	**$2,107**	**3%**

Notes:

1. Participation rate data has not been released beyond TY2022 as of January 14, 2026. The number of EITC claims for TY2023 and TY 2024 is the only data currently available. The number of claims is climbing from the low in TY2022. Tax program grantees report preparing hundreds prior year returns which would increase these numbers but those later-filed claims are not reflected in this table. Only returns filed during the tax year are reported.
2. The highest participation rate for all jurisdictions in the past nine years was 86.8% in TY2020 for West Virginia. Thirty-four jurisdictions were at 80% or above in TY2022. Oregon's highest rate was 79.3% in TY2019 and the average over the past nine years is 74.3%. Achieving 85% participation would bring an average of $74.4 million additional federal dollars into the state each year for Oregon families.
3. Oregon's 2020 participation rate may be low because many people who would not otherwise be eligible lost their jobs in 2020 and became eligible. Because they worked fewer months, their **earned** income was greatly reduced making them eligible for the EITC where they hadn't been before when they worked all year. Unemployment benefits are not considered earned income and therefore not counted toward the EITC income cap.
4. The reduced average EITC amount for TY2021 may be due to expanded eligibility for individuals without dependents (age18+ through age 65) offered by the federal government due to the pandemic.
5. The high number of claims in 2021 is due to pandemic rebates and eligibility expansion.
6. The number of EITC claims appears to be falling as wages in Oregon increase. More taxpayers may be exceeding the income cap, which was $17,640 in TY2023 for a single person with no dependents and $46,560 for a married couple with one child.
7. According to the IRS, taxpayers that are not currently filing and thus not receiving the EITC are most likely single with no dependents, working part-time, and living outside of the Portland Metro area. These are also the taxpayers most likely to get significant amounts of withholding refunded, in addition to the EITC. Even as some filers price out of EITC with higher wages, those that do qualify are eligible for more money each year as the EITC adjusts with inflation.