

# Income Tax Consulting & Preparation Assistance



## Tax Preparation Assistance Helps ALICE

Helping Florida's **A**sset **L**imited, **I**ncome **C**onstrained, **E**mloyed ('ALICE') families attain and maintain self-sufficiency is good for the economy and for families. Once a year, families that fall within the ALICE threshold are given an opportunity to use their tax refund to help them on the road to financial stability and prosperity. The additional income, combined with financial education, can help ALICE families make good decisions about their refunds and help them save money year-round.

**Earned Income Tax Credits Boost Family Income**  
But one in five don't claim them

### Earned Income Tax Credit (EITC) is a bi-partisan anti-poverty tool that is extremely underutilized

Research shows that EITC encourages work, reduces poverty, and has long-lasting positive effects on families. A taxpayer who earned less than \$53,505 in 2016 received on average \$2,482 in tax credits through EITC.

- This is enough to pay for preventative medical care for a child for a year or buy food for a mom and two children for five to six months.

The IRS estimates that 17.9 percent of eligible Florida taxpayers don't claim the credits they've earned.

- While Floridians claimed \$5.1 billion in EITC in 2016, the IRS estimates that \$1.1 billion in tax credits are left "on the table".
- Of those who do claim this credit, many have to pay hundreds to for-profit tax preparation industries for this service, limiting the amount they can use to promote their own financial growth.

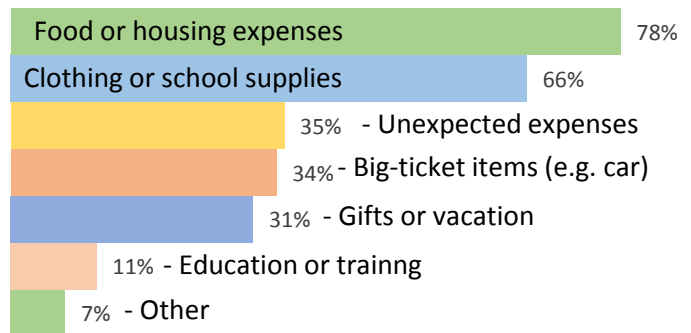
### Tax Preparation Assistance can increase EITC usage, and has a positive Return on Investment.

- In 2018, tax preparation assistance coalitions and organizations filed 386,892 returns that helped Floridians claim over \$84 million in the EITC credit alone while also saving low-income taxpayers a low estimate of \$68 million in tax prep fees.
  - These Floridians then use these savings for much-needed expenses, and the sales tax on these purchases return directly back to Florida. Because of this, more EITC support means more money for Florida.

### State investments generate a positive ROI

Most EITC users spend refunds on much-needed items that also generate sales tax revenue for the state

(total is more than 100% as recipients could state more than one expenditure)



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## PROPOSED CHANGES

Florida's United Ways urge the 2019 Florida Legislature to: **INVEST \$1.2 million in state funding to expand capacity of tax preparation assistance programs statewide as requested by HB 3693 (Raschein) and Senate Local Funding Initiative Request 1859 (Gibson).**