

Amendment to HB3373 Would Extend Culturally Specific and Responsive Taxpayer Outreach; This Would Greatly Boost Take-Up of Federal Benefits for Low-Income Families



This brief supports HB3373, which would establish a much-needed Taxpayer Advocate Office in the Department of Revenue. In particular it supports an amendment to the bill which would enable culturally specific and responsive community-based organizations to better assist their clients in filing tax returns and receiving needed benefits that too often go unclaimed.

Potential for Tremendous Return

The amendment would create a Taxpayer Assistance Grant Program that enables culturally specific and responsive service organizations to help low-income clients become aware of benefits, navigate the system, and file returns. A \$6 million grant fund seed investment would help eligible Oregonians capture more than \$200 million in available federal benefits.

The Challenge

On a local level, Oregon has persistently ranked near the bottom of U.S. states in access to the Earned Income Tax Credit (EITC). In recognition of this problem, Governor Brown has made it a priority to modernize and improve EITC access and take-up rates. Research by Metropolitan Family Services shows that barriers around geography, language, and trust limits Oregonians' ability to file their tax returns. Now with the impact of Covid-19 on family job security and income, the need is even greater to overcome these barriers. With the recent passing of the American Rescue Plan Act (ARPA), it's imperative that Oregon execute a strategy to improve tax filing for both EITC access and other tax credits that are available to low-income families.

Improving access to these federal monies has the potential to cut Oregon child poverty in half – but only if Oregonians have the support to file their taxes and access these funds.

The Opportunity

If Oregon were to increase its EITC take-up rate from its current 73.4 percent to the national average of 78.6 percent, low-income families would have access to \$27 million in EITC funds and \$44 million in ARPA funds. With a long-term strategy in place to reach 90 percent take-up, low-income families would have access to \$85 million in EITC and \$138 million in ARPA funds. Additionally, low-income families with two children would have access to \$1,000 to \$1,600 per child, depending on the age of the children. For a low-income family of four, this amounts to \$11,400 plus the child tax credits. Improving access to these federal monies has the potential to cut Oregon child poverty in half –but only if Oregonians have the support to file their taxes and access these funds.

The Strategy

The current network for culturally specific and responsive providers is well-established but under resourced. A sustainable grant funding program that increases the capacity of these providers is imperative to maximize the EITC take-up rate and improve access to ARPA and other tax credits available to low-income families. The proposed Taxpayer Assistance Grant Program will help strengthen the current tax support network and provide new opportunities for tax providers and navigation partners to reach Oregon's most vulnerable families. Specifically, it will:

- Strengthen the current network of culturally specific and responsive providers
- Significantly improve recruitment and retention of qualified tax preparers
- Strengthen the technology and training systems for delivering tax preparation and volunteer training
- Strengthen taxpayer outreach, education, and connection to communities by culturally specific and responsive partners