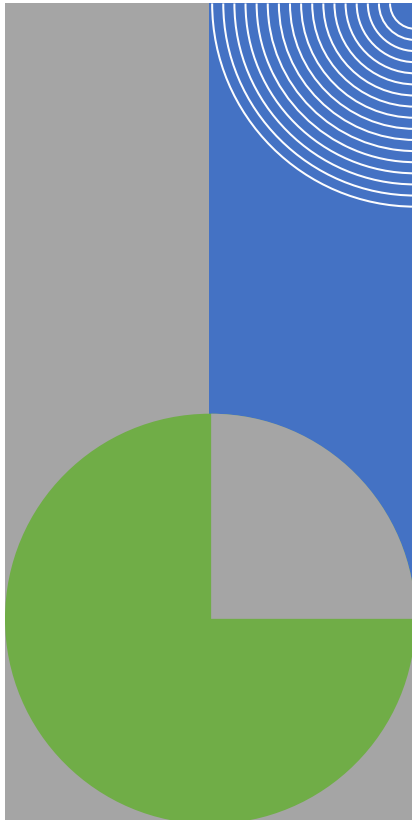


THE TAX INFRASTRUCTURE PROGRAM 2024 ANNUAL REPORT

The Tax Infrastructure Grant Program was created in 2022 to improve uptake of refundable tax credits by offering grants to culturally relevant or culturally specific organizations, tribal governments, and rural community organizations to support tax credit education and free tax return preparation for low-income individuals. The program was also directed to support and increase the number of certified tax preparers in the state.

Over 14,000 returns were filed by grantees in 2024 resulting in \$4.2 million in federal EITC refunds and \$4.4 million in federal child tax credit refunds. In total, individuals and families in Oregon who filed with the help of Tax Infrastructure Program grant recipients received \$15.1 million in federal refunds - a 37% increase over 2023.

PARTICIPATING ORGANIZATIONS



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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The organizations listed above have been awarded grant funding through this program. Most use the Volunteer Income Tax Assistance Program (VITA) through the Internal Revenue Service (IRS) to structure their work. Others provide services in other ways:

- Centro de Servicios Para Campesinos and the Burns Paiute Tribe contract with Oregon State University to provide clinics. These organizations use grant funding to organize the clinics, set up and confirm appointments, translate for clients as needed, and assist with responses to correspondence received from the IRS or the Department of Revenue.
- NW Family Services (NWFS) uses the MFS CASH Oregon virtual filing portal to help clients file. NWFS also offers Facilitated Tax Clinics for homeless youth who can prepare their own returns in a supportive environment.
- The Confederated Tribes of Umatilla contract with a CPA to prepare returns for tribal members.

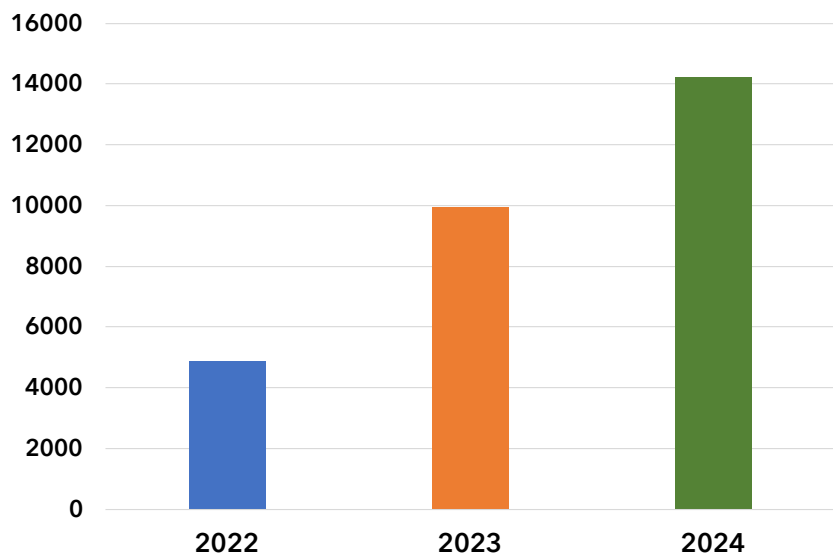
Grant funds have allowed each of these organizations to offer tax return preparation and assistance with agency correspondence year-round, rather than just through April 15, and to hire full-time staff dedicated to this work.

2024 DATA

14,246
Returns Filed
in 2024

- a 43% increase over 2023
- more than triple the amount filed in 2022

Tax Returns Filed Annually by Tax Infrastructure Grantees



Number of Returns Filed

2023 was the first tax season of grant funding for the participants. In 2024, programs filed 14,246 current and prior year returns, more than triple the number they filed two years ago, prior to the availability of this grant program. And while this number is a small percentage of the total tax-filing population, the growth demonstrates the huge need for these services.

As they have grown, programs have learned a lot about how to meet the needs of their community, and even learned from each other. In June, OSU hosted a conference where funded organizations shared their experiences with student internships, facilitated self-assistance, virtual filing, scheduling software, bringing tax clinics to outside organizations, helping clients who are not eligible for social security numbers to obtain or renew their ITIN's, and available legal assistance for taxpayers. In 2025, programs expect to be operating at full capacity.

15% of returns were prepared for clients who had **never filed** or had only **filed intermittently** in the past 5 years.

Tax Return Income, Credits and Refunds

Average Adjusted Gross Income	\$27,818
Average Federal Earned Income Credit	\$ 1,673
Average Federal Child Tax Credit	\$ 2,006
Average Federal Refund	\$ 1,531
Average Oregon Refund	\$ 1,139

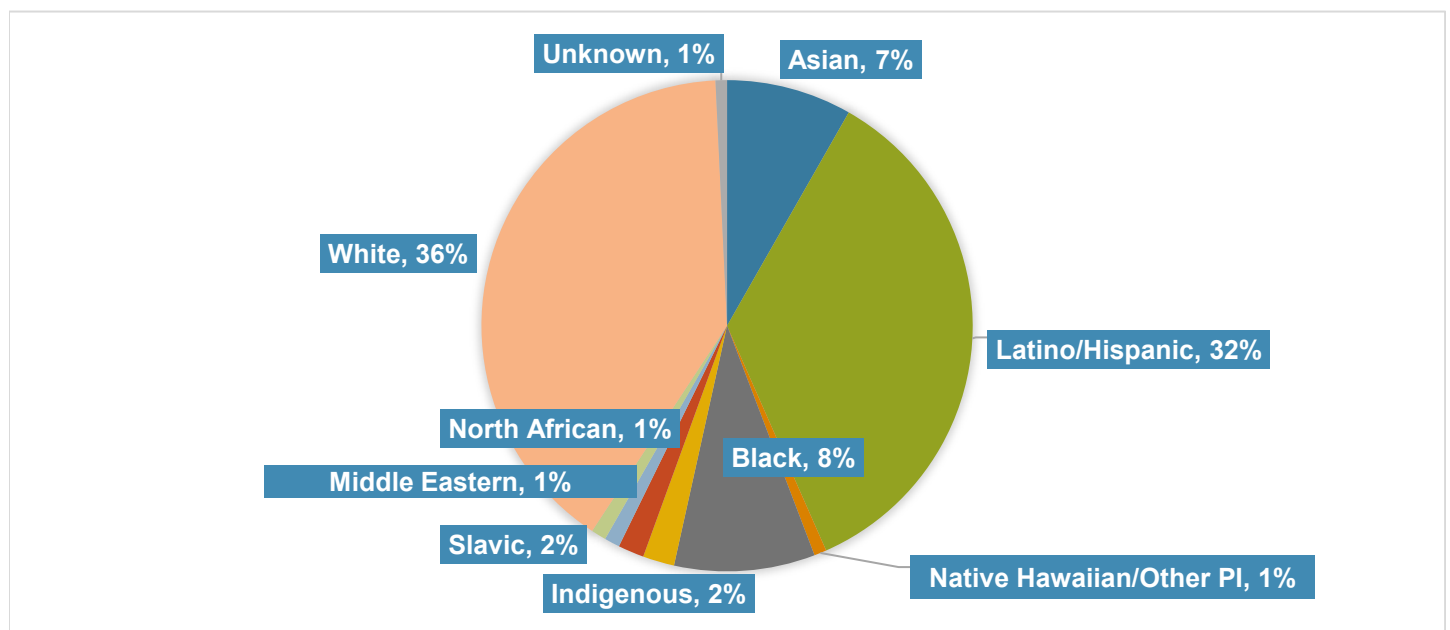
For 2024, the average Adjusted Gross Income for taxpayers using this program was under \$28,000 per year, about 5% higher than 2023. While the average federal refund and average child tax credit amounts were about the same, the average earned income credit was 16% higher than last year. These numbers include 2023 tax returns as well as prior year returns. About 10% of the returns filed by program grantees were for prior years.

Languages Offered

Program grantees offered tax preparation services in 20 different languages.

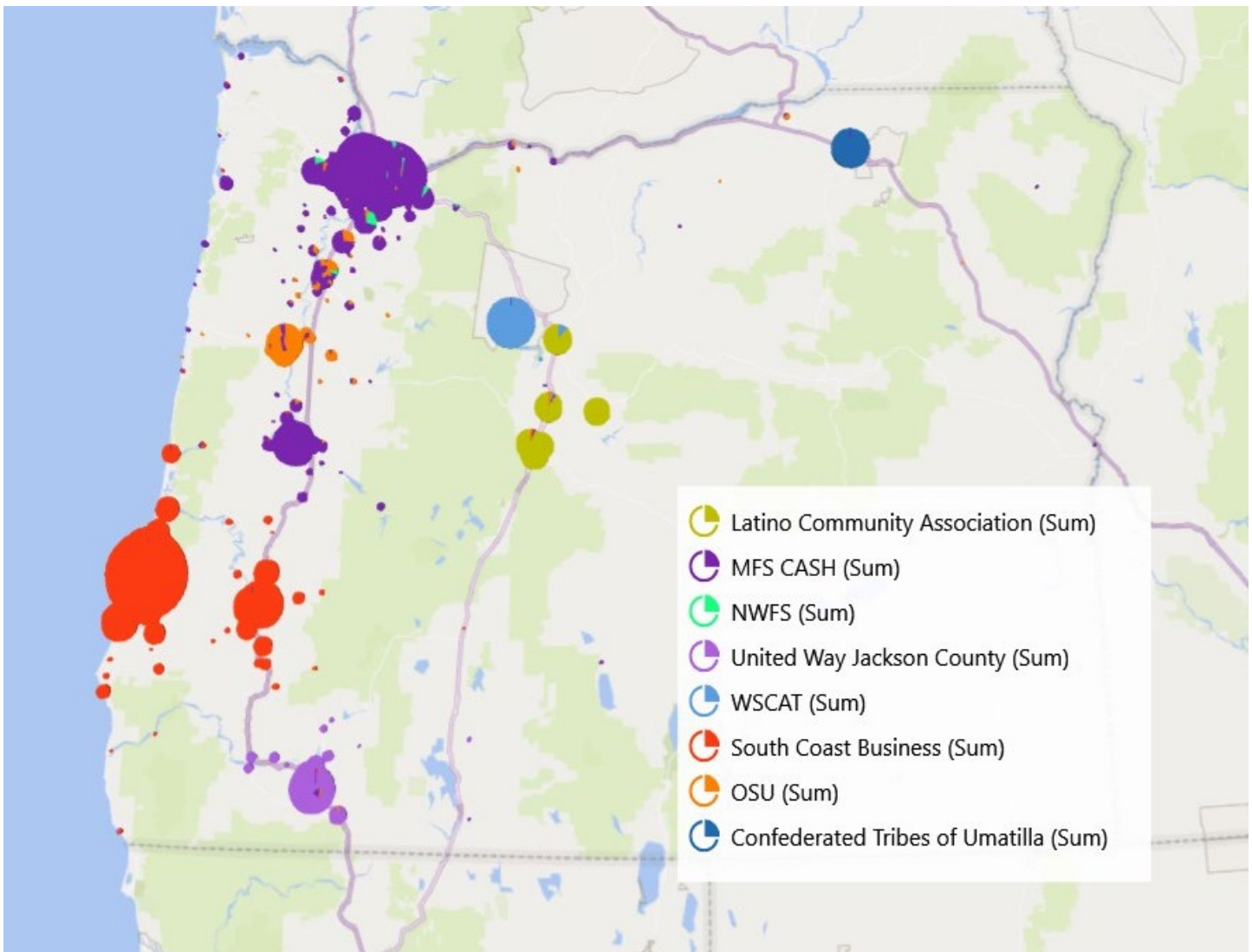
Race and Ethnicity of Taxpayers

The IRS, which governs 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 30% 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 basically unchanged from 2023.



Taxpayers' Home Zip Codes

In the map below, each taxpayer is represented by a dot in their zip code. The dots scattered outside of the larger aggregated groups represent taxpayers that came from outside of the area to get assistance. These representations are not a visualization of how many returns an organization filed, but rather a visualization of the broad geographic reach of the program and the long distances some taxpayers traveled to get assistance.



NEW PROGRAMS IN 2024

Student Intern Pilot

Thirty-five students from Portland Community College, Portland State University, University of Portland, Reed College, and Warner Pacific College participated in an internship pilot with MFS CASH Oregon in Portland during the 2024 tax season. They were paid \$15 per hour (more if they were bilingual) 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. And most asked to come back for 2025. Recognizing the value of this program and the severe shortage of certified preparers, some college alumni organizations paid students \$1000 if they took the Tax Preparer Certification Exam following the internship.

NEW: MFS CASH Oregon had 69 applications for the program in 2024; they received 359 applications for 2025. They are increasing the number of interns to 50 and offering more hours. Five interns from 2024 have been invited back to serve as lead workers. This pool of students will be used by MFS CASH and other program grantees to fill new permanent positions as the program grows. Other program grantees plan to hire interns using this model for the 2025 tax season.

Student Workers

The need for Certified Public Accounts (CPAs) in Oregon is enormous. Hundreds of CPA's are expected to retire in the next 10 years. To be eligible to take the CPA exam, students must take twelve additional undergraduate credits prior to graduation.

OSU and Western Oregon students earned **\$20 per hour** and **12 credits** during a pilot to support CPA-track students. Scholarships for the 12 credits will be available for students in need in 2025.

In 2024, Oregon State University (OSU) and Western Oregon University (WOU) piloted programs that offered jobs in their tax preparation clinics to earn these credits. Students were paid \$20 per hour to prepare tax returns for members of the community. OSU also partnered with Centro de Servicios para Campesinos and traveled to Woodburn to assist Spanish-Speaking clients there.

NEW: In 2025, between OSU and WOU, there will be over 100 student workers in Corvallis, Monmouth, Bend and five other OSU extension sites. OSU is coordinating with the Department of Foreign Languages to increase the number and variety of bilingual students in their program and many of Western Oregon's students are bilingual in English and Spanish. Students who do not need the additional 12 credits are also working in

marketing, data analytics and site coordination. OSU students will offer 12 clinics during the year at Centro de Servicios para Campesinos in Woodburn and three clinics for members of the Burns-Paiute Tribe at their Gathering Center in Burns.

High School Do-It-Yourself Clinics

In this pilot, grant funds were offered to school districts to pay 13 teachers to provide free tax preparation clinics at seven urban, suburban and rural high schools with significant numbers of students eligible to receive free or reduced-price meals. Teachers received \$2000 each to offer Facilitated Self-Assistance Clinics where students prepared their own returns using IRS-approved software. Participating students received refunds of withholding ranging from \$95 to \$1226.

New: The pilot is expanded for the 2025 tax season to 23 teachers at eleven schools. Finance and accounting students will develop and implement a marketing plan and assist with facilitation at the clinics. Students at Jefferson and Centennial have been invited to volunteer with CASH Oregon in Portland or Gresham. They will prepare tax returns along with the other volunteers and college interns and be offered the option of taking the Tax Preparer Certification Exam at the end of the tax season. Their work will count toward their required volunteer hours for graduation or honors programs.

There are 340 high schools in Oregon. Most of the students at these schools are working and not filing returns. If this program reached an average of 300 students at 250 schools with a \$400 average refund for each student, that would mean \$30 million into the pockets of low-income high school kids.

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)
 West Albany (Albany)

Youth Experiencing Homelessness

The ODHS staff person overseeing this grant program also offers direct services to youth experiencing homelessness. Small groups of youth prepare their own returns using IRS-approved software. When they are done, they print out their returns and receive a folder to keep them in, along with their tax documents 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 youth aged 18 to 24 from anywhere in the state can request this free service.

Certified Authentication Agents

All program grantees now have at least one Certified Authentication Agent (CAA) on staff. These individuals are certified by the Internal Revenue Service (IRS) to authenticate the identification documents of individuals who are filing a tax return but not eligible for a social security number. Without the services of an authentication agent, taxpayers must send their documents, including their passport, to the IRS for review. The IRS returns the documents about four months later. Using a CAA speeds up the process and relieves the taxpayer of concerns over mailing their family's primary identification documents to the IRS.

FINAL THOUGHTS

The Earned Income Tax Credit (EITC)

About 17% of returns prepared by program grantees included the EITC.

Oregon has a history of low uptake of the EITC. For Tax Year 2021, the most recent year of data, Oregon was second-to-last (tied with Wyoming) in percentage uptake of the EITC. Only Puerto Rico had a lower percentage. Oregon has been last or second-to-last in three of the past four years and is projected to have similarly low participation in 2022¹.

Increasing Oregon's EITC uptake percentage to 90% from its most recent four-year average of 74%, would require about 60,000 more eligible taxpayers to file and claim the credit each year.

Many EITC filers use paid tax preparers that offer refund anticipation loans, so they can get their money immediately. Refund anticipation loans come with steep fees. Single EITC filers often don't file because the maximum they can receive (\$632 in 2024) is not much for than the fee to get help filing.

Expanding the reach of this program will not only bring in EITC-eligible filers that are not currently filing, it will also bring in current filers who use paid preparers, saving them money on tax preparation costs, which usually start at \$400, and the high fees associated with refund anticipation loans.

To attain a **90%** EITC participation rate in Oregon, about **60,000** more eligible taxpayers would need to file a return.

In 2024, EITC refunds increased by **57%** to **\$4.2 million**.

Federal Child Tax Credits increased by **21%** to **\$4.4 million**.

And the overall amount for federal refunds was **\$15.1 million** - a **37%** increase over 2023.

The Benefits of Filing for Taxpayers and for Oregon

Oregonians who file tax returns bring millions of federal dollars into the state in the form of tax credits and excess withholding. In 2024, program grantees filed returns worth \$4.2 million in Earned Income Tax Credits - a 57% increase over 2023. Federal child tax credits added up to \$4.4 million - a 21% increase. And the total dollar amount of federal refunds received by taxpayers using program grantees increased by 37% to \$15.1 million.

Taxpayers who don't file a return may miss out on valuable refundable tax credits, but they also

¹ The number of federal tax returns claiming the EITC in 2022 was about 213,000, a 33% decrease from 2021 and 17% less than the average number of returns with EITC claims in Oregon over the prior four years. The percentage of uptake (number of claims divided by eligible taxpayers) for 2022 will not be available until the Fall of 2025.

forgo money they paid in withholding that exceeds the amount they owe. For part-time workers, this amount can be significant. For low-income filers, refunds are rarely saved and instead go directly into the Oregon economy where their value multiplies.

Finally, an often-overlooked benefit of filing and receiving a refund of credits and withholding - whether from the federal government or the state - is that those funds first go to pay debts held by the state. Refunds pay down all kinds of debt: taxes, child support, unemployment compensation, debt tied to professional or driver's license revocations, etc. This automatic payment of refunds to state-held debt relieves the stress of unpaid debt on taxpayers and the burden of debt collection by the state.

OREGON: Earned Income Credit Participation

Tax Year	Participation Rate ¹ :		Oregon Rank out of 51	Federal EITC Claims	Change	# of returns to 85%	# of returns to 90%	OR EIC Claims ⁵	Change	Total Federal EITC	Change	Add'l EITC \$ at 85%	Add'l EITC \$ at 90%	Avg. EITC	Change
	OR	U.S.													
2023				223K	2%					\$504M ⁷	10%			\$2,262	7%
2022				218K ⁶	-33%			205K	-32%	\$460M	-19%			\$2,112	21%
2021	75.2%	80.8%	50(tie)	326K ⁴	28%	43K	64K	302K	29%	\$568M	9%	\$75M	\$112M	\$1,743 ³	-15%
2020	67.9% ²	76.3%	51	254K	-2%	64K	82K	235K	-5%	\$522M	-3%	\$132M	\$169M	\$2,058	-1%
2019	79.6%	79.3%	31	259K	1%	18K	34K	248K	3%	\$538M	-1%	\$37M	\$71M	\$2,077	-2%
2018	73.2%	78.1%	50	257K		42K	59K	241K		\$542M		\$89M	\$125M	\$2,112	
AVG	74%	79%	45	256K		42K	60K	246K		\$522M		\$83M	\$119M	\$2,061	

Notes:

1. The highest participation rate for all jurisdictions in the past 8 years was 86.8% in TY2020 for West Virginia. Oregon's highest rate was 79.3% in TY2019 and Oregon's average over the past eight years is 73.8%. For TY2021, only the District of Columbia had a lower participation rate.
2. Oregon's 2020 participation rate may be lower than normal in part because so many people who would not otherwise be eligible for the credit lost their jobs in 2020. Many Oregonians relied on unemployment benefits for much of 2020, which is taxable but not "earned" for purposes of the EITC. Because their earned income was greatly reduced, they were eligible for the EITC where they hadn't been before when they worked all year. A reduction in filing overall for TY2020 because of the pandemic resulted in a smaller numerator. This smaller numerator divided by the larger denominator of more eligible taxpayers resulted in a very low uptake rate, though the absolute number of claims was just a few thousand less than in prior years.
3. The lower average EITC refund amount for TY2021 is due to the expanded eligibility for individuals without dependents (age18+) offered by the federal government because of the pandemic. Many of the newly eligible filers were likely single without dependents whose refund amounts were significantly lower than the refund amounts for families with children.
4. The high number of filings in 2021 can be attributed to the pandemic rebates and the EITC eligibility expansion.
5. The smaller number of Oregon EIC claims compared to federal EITC claims may be due in part to tribal members who only file a federal return.
6. Many tax preparation services were still not available in 2023 for TY2022 returns and the grant program was just getting off the ground. Also, the number of EITC claims may be going down as wages in Oregon go up. More taxpayers may have exceeded the income cap of \$16,480 in TY2022 for a single person with no dependents and \$49,622 for a married couple or head of household with one child and become ineligible.
7. Even as 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.

