

APPENDIX D

EARNED INCOME TAX CREDIT COLLABORATIVE

RECOMMENDATION: Enhance the current tax preparation programs to increase the access of Earned Income Tax Credits (EITC) and decreases use of Refund Anticipation Loans (RALs).

The Earned Income Tax Credit (EITC) is considered to be the United States' largest and most successful anti-poverty program.¹ In 2004 (the most recent data available), EITC brought \$13.5 million dollars to taxpayers residing in the City of Asheville.² Although the IRS will not release definitive data on how many taxpayers eligible for EITC do not file for it, a conservative but reasonable estimate is 15%, meaning approximately \$3 million dollars were not accessed by City of Asheville taxpayers. Widespread education is needed to ensure that all taxpayers eligible for this credit receive it and to ensure they do not pay unnecessary tax preparation fees or utilize refund anticipation loans (RAL). In 2004, according to the Community Reinvestment Association of North Carolina (CRA-NC), in the City of Asheville, 31.4% of EITC recipients used a RAL, costing a total of \$1.067 million. These same taxpayers could have utilized a free tax preparation site if their income was less than \$40,000. It is worth noting that North Carolina will be implementing a state EITC for 2008 income taxes.

Through the Affordable Housing Task Force, the Housing Stability sub-committee examined the Boston EITC program, recognized for its accomplishments. The Boston EITC program saved taxpayers \$1.3 million in 2007 by using free sites. Efforts have been made locally by OnTrack, A-B Tech, and AARP that have produced good results, but could be expanded greatly to make a larger impact.

Components necessary for a successful program:

¹ EITC Boosts Local Economies, Partners in Community and Economic Development, Vol. 16, No. 3 2006 Federal Home Loan Banks of Atlanta (www.frbatlanta.org)

² Community Reinvestment Association of North Carolina

1. Broad base of Coalition Partners: Banks, Chamber of Commerce, Community Action agency, Neighborhood organizations, Vocational Services, Local Universities, Ministerial Alliance, Unions, Public Library, YMCA, Credit Counseling Agency, Goodwill Industries, Housing Authority, DSS, Asheville-Buncombe Community Relations Council, Latino Steering Committee, WRES, NAACP Empowerment Resource Center, International Link, YWCA, Joblink, Land of Sky Regional Council, Council on Aging, Homeless Coalition, United Way (2-1-1 website can be the mechanism or conduit for on-line access to information in #2), Pisgah Legal Services, Weed and Seed, CPA Society, Churches, Schools.

2. Development and utilization of website with all information available to partners, volunteers and taxpayers:
 - Sign up and FAQ for volunteers
 - Locations of tax-prep sites
 - Checklist of what to bring
 - Printable brochures “Are you eligible?”
 - General information on credit repair, consumer issues, food stamps and health care
 - Results page – quantifies results each year

3. Tax filing sites include informational booths and applications for other mainstream benefits, such as Food Stamps, Work First, Public Housing/Section 8, and Medicaid/Health Choice. Also on site are partner banks who offer no-cost or low-cost savings accounts and utilize direct deposit refund delivery.

Additionally, the City of Asheville could donate a website and webmaster time for the creation and maintenance of a comprehensive website and the coordination of web resources with 2-1-1. Marketing to potential taxfilers could be assisted through use of other city resources, such as water bills, the Asheville Channel and the City’s own website.