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## **Mireya Eavey and Joe Pennisi: Tax-assistance programs and tax credits boost economy**

**Monday**

Posted Feb 20, 2017 at 6:15 AM

By Mireya Eavey and Joe Pennisi, Guest Columnists

Imagine finding an unexpected letter from the Internal Revenue Service in your mailbox stating that you owe them thousands of dollars. You are already walking a financial tightrope. What are you supposed to do now?

Susan in Sarasota found such a letter (Susan is not her real name). She called 2-1-1 (the social-services help line), which referred her to United Way Suncoast's Volunteer Income Tax Assistance (VITA) program.

United Way volunteers reviewed her tax returns, and discovered several years' worth of errors.

After amending five years of tax returns, Susan received another letter from the IRS — this time informing her that she no longer owed, but rather was to receive almost \$3,000 in refunds.

Suddenly, a burden had been lifted. Susan has returned to United Way Suncoast for her tax filing ever since.

There are thousands of stories similar to Susan's in our community. Filing a simple tax return can cost low-income families several hundred dollars — the equivalent of a month's grocery bill or a sorely needed car repair.

In 2016, 13,161 tax returns were prepared free of charge by IRS-certified volunteers in Manatee, Sarasota and Desoto counties — saving low-income families \$2.6 million in tax preparation fees.

Our mission is not only to save low-income families money, but also to ensure they receive all the tax credits they deserve.

One-in-five eligible Florida taxpayers do not claim the Earned Income Tax Credit, leaving \$1.1 billion on the table. In Sarasota and Manatee counties, this translates into \$26.1 million each year going unclaimed.

Our VITA program also focuses on higher-education credits like the American Opportunity Credit, a tax credit to support post-secondary tuition expenses for low-to-moderate-income families. An estimated additional \$5.1 million in Sarasota and Manatee goes unclaimed in higher-education credits each year.

Imagine the yearly impact that an extra \$30 million would have on the financial stability of our hard-working families.

A University of Wisconsin study found that EITC recipients largely use their refunds to catch up on bills, pay down debt, and to save and build assets. They earned it; only working families can receive the EITC. Those unclaimed tax-credit dollars belong here in our community — in our local economy — not in Washington.

Federal tax credits for working families help stimulate our local economy and generate state and local sales taxes. According to the Washington Economics Group, \$2.30 in state and local tax revenue is generated for each dollar invested in free tax-preparation programs like the one run by United Way Suncoast.

Responding to this significant return on investment, last year the Legislature invested \$500,000 in United Way's free tax-preparation programs across the state. This year, state Rep. David Santiago, R-Deltona, has filed H.B. 2153 to increase the appropriation to \$1.2 million so that this successful program can expand its reach. We encourage our local representatives to consider co-sponsoring this bill.

On the federal policy front, the EITC has enjoyed bipartisan support from its inception. In 2013, the EITC pulled 9.2 million Americans, including 5 million children, out of poverty, making it the most effective anti-poverty program in the nation.

Importantly, the EITC is a hand up, not a handout. Numerous studies provide evidence that tax credits for working families like the EITC promote and encourage work.

Recently, a bipartisan proposal to strengthen the EITC has begun to gain traction. As it stands, low-income working Americans who cannot claim children on their taxes access little to no EITC, and are the lone group of working adults taxed into, or deeper into, poverty.

So while the EITC is one of the most effective tools to help working families keep their heads above water, it excludes nearly one million low-income working Floridians.

House Speaker Paul Ryan and other leaders on both sides of the aisle have proposed plans that expand the EITC to more workers. If Congress considers tax reform this year, it should look to strengthen the nation's most pro-work, anti-poverty policy.

Tax sites across the state — and here in Sarasota — are open for the season. By investing in United Way's VITA programs and strengthening the EITC, state and federal policymakers can stimulate local economies and increase family financial stability concurrently. The peace of mind Susan found at a VITA site, however, is priceless.

*— Mireya Eavey is the Sarasota area president of United Way Suncoast. Joe Pennisi is the executive director of the Florida Policy Institute.*