



FINANCIAL STABILITY

Tax preparation assistance for working families

BACKGROUND

Helping Florida’s Asset Limited, Income Constrained, Employed (‘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.

Tax preparation assistance: Every year, thousands of IRS-certified volunteers working at over 733 tax preparation sites coordinated by United Way, AARP, Military and VITA mobilize to provide free, reliable tax preparation assistance to low-income ALICE individuals, families, the elderly and disabled to help them meet their tax obligations and get the best refunds for which they are eligible. In 2017, these coalitions and organizations filed 225,000 returns that helped Floridians claim over \$232 million in tax refunds and saved low-income taxpayers an estimated \$23.6 million in tax prep fees.

Floridians claimed \$5.2 billion in Earned Income Tax Credit (EITC) in 2016, though the IRS estimates that **over 17 percent of eligible taxpayers don’t claim the credits they have earned.** This means more than \$1.1 billion in potential tax credits are being “left on the table” in Washington instead of providing much-needed asset growth, financial stability, and economic stimulation to thousands of families throughout Florida.

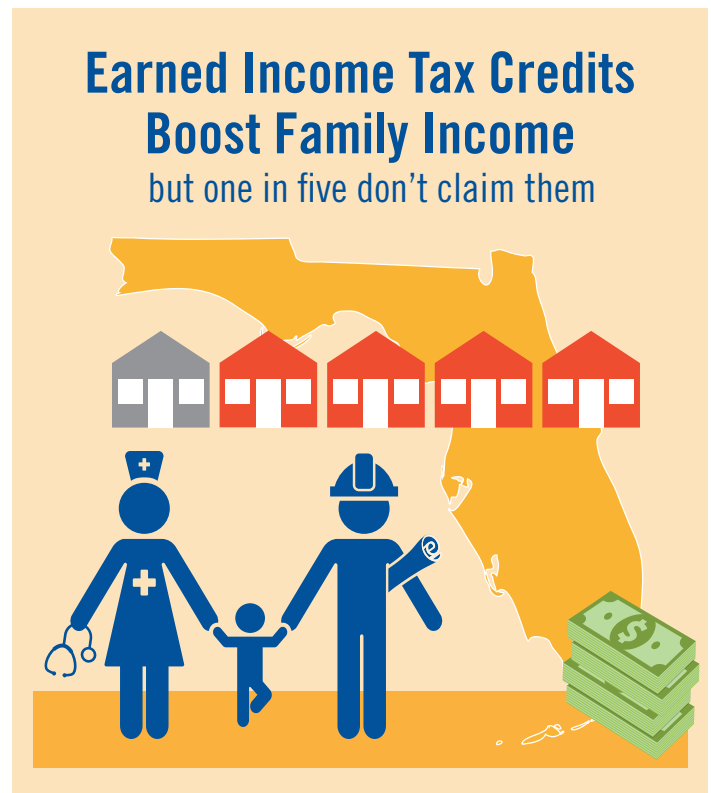
Building statewide capacity: During the 2016 Legislative Session, United Way of Florida was appropriated funding to expand the capacity of existing tax preparation programs supported by local United Ways throughout the state. With these funds the United Way network assisted over 12,500 ALICE families during the 2017 tax season, resulting in **\$19 million** claimed in tax refunds and over a million dollars saved in tax preparation fees. Despite a nationwide downturn in VITA-prepared returns due to tax software and IRS policy changes, the total

number of VITA-prepared returns increased by a record-breaking 4% thanks to the state investment. Additionally, the increased economic activity is expected to generate state sales tax revenue greater than the initial appropriation, resulting in a net **positive Return on Investment for the state.**

With additional funding, for a total investment of \$1.2 million, the legislature can utilize the United Way network to help up to 31,000 working families save \$3.3 million in tax preparation fees, claim over \$30 million in tax refunds, and reduce the \$1.1 billion in EITC credit being left in Washington every year.

PROPOSED CHANGES

INVEST \$1.2 million in state funding to expand the capacity of tax preparation assistance programs statewide.



Source: IRS (2016)

For additional information, please contact The United Way of Florida at (850) 488-8276