

Senate Concurrent Resolution No. 12

RESOLUTION CHAPTER 38

Senate Concurrent Resolution No. 12—Relative to taxation.

[Filed with Secretary of State June 22, 2011.]

LEGISLATIVE COUNSEL'S DIGEST

SCR 12, Liu. Taxation.

This measure would urge state and local governments and community organizations to promote education and awareness of the federal Earned Income Tax Credit and other tax credits that help working families persevere through difficult economic times.

WHEREAS, The Congress of the United States enacted the federal Earned Income Tax Credit (EITC) in 1975 to offset the burden of social security taxes on low-income taxpayers, to supplement wages, and to encourage work; and

WHEREAS, Since its enactment in 1975, the EITC has brought the income of millions of families above the poverty level and has had a high participation rate relative to other programs for low-income Americans; and

WHEREAS, The EITC has been expanded by a series of Presidents of the United States, including both Democratic and Republican presidents; and

WHEREAS, The EITC is available to taxpayers who work, but do not earn high incomes and may often struggle to make ends meet. These taxpayers could be missing an opportunity to pay less federal income tax, pay no federal income tax, or receive a refund; and

WHEREAS, Working California individuals may be missing out on a federal refund of up to five thousand six hundred sixty-six dollars (\$5,666) because they are not aware of the EITC. They may also not be aware of additional working family tax credits, such as the Child Tax Credit, the Child and Dependent Care Credit, and the Making Work Pay Credit; and

WHEREAS, According the Internal Revenue Service (IRS), up to 25 percent of eligible taxpayers nationwide may fail to claim the EITC because they are not aware of the credit or of free assistance to claim the credit; and

WHEREAS, New parents, grandparents raising grandchildren, and foster parents may not realize they qualify for the EITC. Some families, such as those in the military and those raising children with disabilities may not realize that there are special rules that may help them qualify for the EITC; and

WHEREAS, The IRS and other organizations collaborate with local agencies to offer Volunteer Income Tax Assistance (VITA) to raise awareness of the EITC; and

WHEREAS, The IRS and its partners provide tools to local agencies to link financial education and other asset-building efforts, such as individual development accounts; and

WHEREAS, The IRS and the Congress of the United States have taken steps to reduce the EITC's error rate and simplify the filing of the credit; and

WHEREAS, Employers can help increase the take-home pay of their employees by making employees aware of the EITC; and

WHEREAS, The federal EITC increases California's revenue and stimulates the local and state economy; and

WHEREAS, Every year an estimated one billion dollars (\$1,000,000,000) are lost to hardworking families and the California economy because of failure to claim the EITC; now, therefore, be it

Resolved by the Senate of the State of California, the Assembly thereof concurring, That the Legislature urges state and local governments and community organizations to promote education and awareness of the federal EITC and other tax credits that help working families persevere through difficult economic times; and be it further

Resolved, That the Secretary of the Senate transmit copies of this resolution to the author for appropriate distribution.