

# Volunteer Income Tax Assistance

## Vermont Community Action Partnership

*BROC Community Action*

*CAPSTONE Community Action*

*Champlain Valley Office of Economic Opportunity (CVOEO)*

*Southeastern Vermont Community Action (SEVCA)*

*Northeast Kingdom Community Action (NEKCA)*

Testimony to the Committee on Ways  
and Means

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# Purpose

- Provide an overview and update on the Volunteer Income Tax Assistance (VITA) program including data from last year along with opportunities and challenges.
- Discuss the use of targeted, refundable tax credits, including the Earned Income Tax Credit and the Child Tax Credit.

# Vermont Community Action Partnership (VCAP)

We cover 100% of Vermont cities, towns and peoples

## VCAP Programs and Services Include:

- Housing and Homelessness; Head Start; Financial Education; Microbusiness; Food Access; Benefit Assistance; Weatherization, and more!

*Together we served **40,000 Vermonters** with low-incomes last year.*

*“To Know that someone believes in you and somebody cares, that can be the thing that really gives you that motivation to keep going.”*

*“It was somebody right there, walking beside me, to guide me through. I have now owned my business for 11 years.”*

# What is the Volunteer Income Tax Assistance (VITA) Program?

*VITA offers free tax help to people who are income-eligible, persons with disabilities, and limited English-speaking taxpayers who need assistance preparing their own tax returns.*

- This past year, the income eligibility was **\$57,000** a year. This year, the income eligibility will increase to **\$60,000**.
- We focus on the hardest to reach areas, both urban and non-urban. We especially try to reach folks in rural areas; individuals with disabilities; and new people coming into this country.

# The Need for a Volunteer Tax Program and Tax Credits: Poverty and Low–Income in Vermont

- 68,053 people & 28,659 households live in poverty in VT.
- 12.3% of children, or 13,975 children, are living in poverty.
- 30.4% of children under 12 live in households with income below 185% of the federal poverty level.
- The 2022 point-in-time count shows the number of people in households with children under 18 experiencing homelessness increased by 130% from pre-pandemic levels: from 629 in 2019 to 857 in 2022.
- Maximum Reach Up Benefit is \$12,000 for a family of 4 (2022).
- Federal poverty level is \$27,750 .
- The Minimum Wage is \$52,208.
- Living Wage According to MIT is \$107,940 for a family of four.

# Tax Year: 2022

Tax Return Year	Total Federal Returns Prepared	% E-filed	Number of Volunteers
2021	3,869	98%	88
2020	4,343	99%	74
2019	3,948	99%	100

- Returns decreased: 3,869 returns in 2022 compared to 4,343 returns in 2021.
- Number of individuals with disabilities served increased: 701 individuals served in 2022 compared to 600 individuals served in 2021.
- Average refund amount: \$1610.
- Average Earned Income Tax Credit Amount: \$1,188.

# A Focus on Quality

Training and Certification: All staff and volunteers who prepared VITA returns were IRS certified.

Intake and Interview Process: There were intake and interview processes as well as a completed return review process at all locations, for every return. All sites utilized the IRS provided interview and intake sheet and quality review checklist.

Quality Review: We employed a quality review checklist based on the IRS form. Volunteers worked with each other and/or Site Coordinators to check their work so that errors were caught before a taxpayer left the VITA site.

Accuracy rate of returns: We had a very low error rate, effective training, and an emphasis on clear communication between clients, volunteers, and Site Coordinators (including the use of interpreters).

# Challenges with the 2021 Season

- Impact of COVID continued to affect the availability of volunteers, staff, and clients.
- There were no additional stimulus payments to apply for this past season, which we believe also contributed to a slight decline in request for VITA services.
- There have been challenges with hiring staff into Site Coordinator positions. These are seasonal positions.



# Opportunity – Full Time VITA Tax Coordinators

- Certify at the advanced preparer level.
- Build volunteer networks.
- Analyze data by town and develop specific strategies.
- Focus on outreach particularly to underserved populations.

# Tax Equity

- Emphasize resources that reflect underlying inequalities: focus on taxing income, corporate profits and inherited wealth. The distribution of these economic rewards is unequal today.
- Be cautious of regressive taxes: Lower- and Middle-income families spend much of their incomes on taxable purchases, so these taxes add up to a much higher level of sacrifice for them than for higher-income households.
- Reforms on distributional inequities: Strengthen state tax codes using progressive rate structures and targeted refundable credits.
- Mitigate and remove special tax treatment and ask whether they are effectively targeted to residents who need them most.
- Other ideas on Tax Equity: **Act 96** excludes income from people residing in a household who are granted humanitarian parole to enter the US, seeking or granted asylum, or who qualifies as a refugee. This income **does not get counted in household income for the purposes of the property tax adjustment.**
- **Use Targeted tax credits.**

# Opportunity – Strengthen and Broaden Targeted Refundable Tax Credits, and Increase Access

- [IRS data](#) showed that in 2019 almost **83%** of eligible Vermonters applied for the EITC, higher than the national uptake of **79.3%**, and the 3<sup>rd</sup> highest uptake rate in the country after Rhode Island and Hawaii. But that still leaves **17%** of eligible taxpayers without their benefits, or approximately 7,800 Vermonters, who did not get the EITC and the State’s Child Tax Credit. The state needs a **comprehensive plan** to ensure Vermonters in need get these cash benefits into their pockets.
- EITC is good for low–income people and good for the economy.
- Strengthen VITA and tax filing support programs.