



Statutory Language:

“Out of this appropriation, \$230,000 the first year (fiscal 2006-2007) and \$230,000 the second year (fiscal 2007-2008) shall be provided to the Virginia Community Action Partnership to support the Virginia Earned Income Tax Coalition and provide grants to local organizations to provide outreach, education and tax preparation services to citizens who may be eligible for the federal Earned Income Tax Credit. The Virginia Community Action Partnership shall report on its efforts to expand the number of Virginians who are able to claim the federal EITC, including the number of individuals identified who could benefit from the credit, the number of individuals counseled on the availability of the federal EITC, and the number of individuals assisted with tax preparation to claim the federal EITC.

This report shall be provided to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees and the Chairman of the Joint Legislative Audit and Review Commission by December 1 each year.”

Explanation:

(This amendment provides funding to support and expand efforts through the Virginia Community Action Partnership to help eligible Virginia citizens to claim the federal Earned Income Tax Credit (EITC) on their federal tax returns through the Virginia Earned Income Tax Coalition. A 2005 study by the Joint Legislative Audit and Review Commission (JLARC) found that many Virginians could be eligible for the federal Earned Income Tax Credit, which is a refundable tax credit designed to reward low-income families for working. Families who worked and earned less than \$35,000 in the most recent tax year (2004) could receive between \$2,600 and \$4,300 based on their income, marital status and number of children. Families can receive the EITC even if they earn too little to owe any taxes. However, they must file a federal tax return to claim the credit. The JLARC report estimated that up to 66,000 families in Virginia who receive social service benefits could have claimed about \$170 million had they taken advantage of the EITC. The report also recommended that the Commonwealth continue efforts to conduct outreach activities with families who may be eligible for the EITC and recruit volunteers who can provide tax preparation support to those filers seeking to claim the credit. Funding will be used to assist 18 volunteer coalitions and establish up to four new coalitions to assist low-income families in taking advantage of the federal EITC. Language is added to require the Virginia Community Action Partnership to report on its efforts to expand the number of individuals who could benefit from the federal EITC.)

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