

Tax Credit and Tax Filing Services Outreach and Education

2023 Regular Session, House Joint Resolution 39



Cabinet for Health and Family Services
Department for Community Based Services
November 1, 2023

Introduction

During the 2023 Regular Session of the Kentucky General Assembly, House Joint Resolution 39 was passed. The purpose of this resolution was to direct executive branch agencies to undertake efforts to address the benefits cliff in Kentucky. According to the resolution, the Kentucky Chamber of Commerce states that less than 80% of eligible low-to-moderate-income Kentuckians claim the federal Earned Income Tax Credit on their individual federal income tax filings each year, resulting in more than \$230,000,000 in unrealized tax credits annually. Section 4 of the resolution required the Cabinet for Health and Family Services (CHFS/cabinet) to implement an outreach and education program to increase awareness and utilization of the federal Earned Income Tax Credit and free income tax filing support services among eligible public assistance beneficiaries. The resolution included that the cabinet may partner with the Kentucky Department of Revenue and nonprofit organizations that offer or coordinate free income tax filing services in implementing the requirements of this resolution.

Collaboration

During the interim, the Department for Community Based Services (DCBS) in the cabinet, created a workgroup that met regularly to discuss work already being done in this space, how current work could be expanded, and the development of new initiatives to increase utilization of free tax filing services and the federal Earned Income Tax Credit. The workgroup consisted of representatives from the DCBS Commissioner's Office and Division of Family Support, CHFS Office of Application Technology Services (OATS), United Way of Kentucky, Metro United Way, the Kentucky Chamber of Commerce, and the Kentucky Department of Revenue.

Outreach and Education

Kentucky is fortunate to have a one-stop shop for a wide range of state-administered assistance programs, called kynect. The kynect website can assist Kentucky residents with finding information on and applying for health coverage, food purchasing assistance, child care payment assistance, and more and it's all there together in one unified eligibility system. This provides great access to programs for individuals and families looking for resources, and it also provides a way for the cabinet to contact participants across programs. The tax credit and filing education and outreach workgroup identified kynect as a meaningful outreach tool. DCBS had previously issued a notice to public assistance program participants regarding the Earned Income Tax Credit. The workgroup reviewed this notice and made changes to update it, see Attachment A. Because a template had already been developed, this was accomplished quickly and DCBS worked with OATS to establish a schedule for which the notice would be distributed to all households participating in a public assistance program that have reported earned income. This

notice was distributed to approximately 533,000 households on October 1, 2023, and will automatically be sent to all public assistance program participants upon their report of new earned income for the foreseeable future.

The workgroup began working on a second notice for all public assistance program participants that would provide information on free tax filing services available across the state. Representatives of United Way shared information on the 211 phone line, a network of information and referrals to social services and other assistance. More than 200 local organizations, including United Way, Goodwill, Community Action, and others provide the 211 service to connect those seeking help with the resources they need. The 211 service provides a wide variety of assistance related to housing, disaster recovery, utility expenses, mental health, substance abuse, and assistance accessing public benefits. Work has begun to integrate 211 into kynect and many members of the workgroup will continue to be involved in that integration. The workgroup designed a second notice that would contain information on free tax filing services, 211 services, and the kynect website. DCBS worked with OATS to schedule this notice to be distributed to all public assistance program participant households during the next tax season (scheduled for release in early 2024) and every six (6) months thereafter as a reminder of services available. See Attachment B for this notice.

Representatives from United Way spoke to the workgroup about the Internal Revenue Service (IRS) Volunteer Income Tax Assistance (VITA) program, which offers free basic tax return preparation to qualified individuals, which includes people generally having an annual income of \$60,000 or less, persons with disabilities, and limited English-speaking taxpayers. The IRS manages the VITA program, but VITA sites are operated by partners and staffed by certified volunteers who want to help in their communities. VITA tax services are free and reputable, as all volunteers must pass tax law training and are typically individuals who retired from a career in tax preparation. Representatives from United Way will coordinate ongoing meetings between DCBS and local VITA sites to identify barriers that eligible individuals may have in accessing VITA services that DCBS may be able to assist with. DCBS has also offered assistance to the Department of Revenue as they work to promote free tax filing services and the Earned Income Tax Credit through the IRS EITC Awareness Day campaign.

In the short amount of time that has passed since House Joint Resolution 39 became effective, the collaborative workgroup has already implemented initiatives to increase awareness around the Earned Income Tax Credit and free tax filing services among public assistance program participants across the state, with additional methods of outreach planned for 2024 and further collaboration in process.

Attachment A: Notice of Earned Income Tax Credit for Public Assistance Program Participants Claiming Earned Income

EITC-1
10/23

COMMONWEALTH OF KENTUCKY
Cabinet for Health and Family Services
Department for Community Based Services

Date:<Date>
Case Number:<Case No.>

<Client First Name, MI, Last Name><Suffix>
<Care of (c/o)>
<To Street Address Line1>
<To Street Address Line 2>
<To City, State, Zip>

Earned Income Tax Credit - Extra Money for Working People

You may be able to get the Earned Income Tax Credit (EITC).

Since you worked this year, you may get:

- Extra money when you file your Federal Income Tax Return.

You may get EITC even if you did not owe or have to pay taxes.

For more information about EITC, visit <IRS website> or call <EITCContactNumber1>.

Attachment B: Notice of Earned Income Tax Credit and Free Tax Filing Services for All Public Assistance Program Participant Households

EITC-2
12/23

COMMONWEALTH OF KENTUCKY
Cabinet for Health and Family Services
Department for Community Based Services

Date:<Date>
Case Number:<Case No.>

<Client First Name, MI, Last Name><Suffix>
<Care of (c/o)>
<To Street Address Line1>
<To Street Address Line 2>
<To City, State, Zip>

Earned Income Tax Credit – Don't Leave Money On The Table

You may be able to get money with the Earned Income Tax Credit (EITC) even if you are not required to file taxes.

EITC is a federal tax refund for low-to-moderate-income individuals and families that meet certain eligibility requirements.

The amount of the credit depends on the following:

- whether you are single or married,
- if you have no children or the number of qualifying children you have, and
- the amount you earned.

You must file a federal tax return to get the EITC. Claiming this tax credit will not change your eligibility for public benefits like SNAP, Medicaid, Child Care, or Cash Assistance.

Get FREE help with tax preparation!

- Dial 211: Speak to a trained professional who can answer simple questions or connect you with local IRS-certified free tax filing assistance;
- Contact your local [Volunteer Income Tax Assistance \(VITA\) site](#) at <website> for free tax help from an IRS-certified volunteer; or
- Visit [GetYourRefund.org](#) to connect online with an IRS-certified volunteer or file your own taxes.

For more information about EITC, visit the [IRS EITC website](#) or call <EITCContactNumber1>