

**Introduced by Senator Liu**

February 18, 2011

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Senate Concurrent Resolution No. 12—Relative to taxation.

LEGISLATIVE COUNSEL’S DIGEST

SCR 12, as introduced, Liu. Taxation.

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

Fiscal committee: no.

1 WHEREAS, The Congress of the United States enacted the  
2 Earned Income Tax Credit (EITC) in 1975 to offset the burden of  
3 social security taxes on low-income taxpayers, to supplement  
4 wages, and to encourage work; and  
5 WHEREAS, Since its enactment in 1975, the EITC has brought  
6 the income of millions of families above the poverty level and has  
7 had a high participation rate relative to other programs for  
8 low-income Americans; and  
9 WHEREAS, The EITC has been expanded by a series of  
10 Presidents of the United States, including both Democratic and  
11 Republican presidents; and  
12 WHEREAS, The EITC is available to taxpayers who work, but  
13 do not earn high incomes and may often struggle to make ends  
14 meet. These taxpayers could be missing an opportunity to pay less  
15 federal income tax, pay no federal income tax, or receive a refund;  
16 and

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

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

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

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

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

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

25 WHEREAS, Employers, at no additional cost to themselves,  
26 can increase the take-home pay of their employees if their  
27 employees utilize the EITC; and

28 WHEREAS, The EITC increases revenue and stimulates the  
29 local and state economy; and

30 WHEREAS, Every year an estimated one billion dollars  
31 (\$1,000,000,000) are lost to hardworking families and the  
32 California economy because of failure to claim the EITC; now,  
33 therefore, be it

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

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

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