

The Impact of EITC & VITA in Florida¹

Each year, the Earned Income Tax Credit (EITC) supports the financial stability of over 25 million low- and moderate-income workers by reducing their federal tax burden. In 2019, the average EITC refund was \$2,504.² Beyond encouraging work, the EITC refund gives millions of households an opportunity to catch up on bills, provide for their families and save for emergencies, or their future. Studies on the impact of the EITC have found that children living in households who receive the credit have improved health and educational outcomes.³ For such a modest program, it goes a long way to help lift people out of poverty.

The federal EITC has been so effective that 29 states and D.C. have enacted a state EITC to further boost economic mobility for workers. These are often based on a percentage of the federal EITC, and some states have a refundable credit that allows those who do not owe taxes to still receive the credit as a refund.

How does Florida benefit from the EITC?

Florida directly benefits from the estimated 2,020,000 residents that receive the credit each year. In 2019, these residents received more than **\$5.1 B** in EITC refunds, an average of \$2,525 for each household in Florida that claimed the EITC. Research suggests that the credit may create local economic impacts equivalent to at least twice the amount of EITC dollars received.⁴

Who's Missing from the EITC?

As one of the most effective anti-poverty tools available to American households, it is incredibly important to maximize the usage of the credit. Unfortunately, not everyone who is eligible to the credit is claiming it! In Florida, 17.9% of EITC-eligible households do not claim the credit.⁵ That leaves \$793 M in new federal dollars on the table that could be injected back into Florida's local economy!

In addition, workers without children cannot benefit from the full effect of this powerful credit. Expanding the EITC will open pathways out of poverty for nearly 994,000 workers across the state.⁶ Expansion will help address some of the challenges faced by many low-to-moderate income workers without children and help them get back more of what they earned!

Support VITA in Florida!

Federal, state and local policymakers can help low-income, EITC-eligible taxpayers by supporting Volunteer Income Tax Assistance (VITA) sites that provide high-quality tax preparation, financial stability services and connections to other community services at no cost.

As the tax code, EITC eligibility requirements and household situations have increased in complexity over the years, VITA sites have consistently remained poised to meet the growing needs of taxpayers by helping them claim federal and state credits like the EITC. However, the number of EITC-eligible taxpayers in Florida that can benefit from VITA services far exceeds those who utilize them. VITA programs will need additional volunteer and financial resources to meet the increasing demand for services. Your support for making the VITA program permanent and increasing its funding levels will directly benefit low- and moderate-income, EITC-eligible residents in Florida!

¹ All data sourced from IRS data

² Internal Revenue Service, [EITC and Other Refundable Credits](#), Accessed Jan 2, 2019.

³ Chuck Marr, Chye-Ching Huang, Arloc Sherman, and Brandon Debot, [EITC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children's Development Research Finds](#), Center on Budget and Policy Priorities, 2015.

⁴ Alan Berube and Natalie Holmes, "The Earned Income Tax Credit and Community Economic Stability." (Washington, DC: Brookings Institution, 2015).

⁵ Internal Revenue Service, [EITC Participation Rate by States](#), Accessed Jan 8, 2020

⁶ "Expand the EITC for Workers without Qualifying Children", U.S. Department of the Treasury, Office of Tax Analysis, March 24, 2016

Total EITC Returns in FL

2,020,000

EITC Refund Dollars in FL

\$5,100,000,000

Average EITC Refund in FL

\$2,525

VITA Client AGI in FL

\$24,924

Unclaimed EITC Percentage in FL

17.9%

Unclaimed EITC Dollars in FL

\$793,617,540

Workers Benefiting from EITC Expansion in FL

994,000