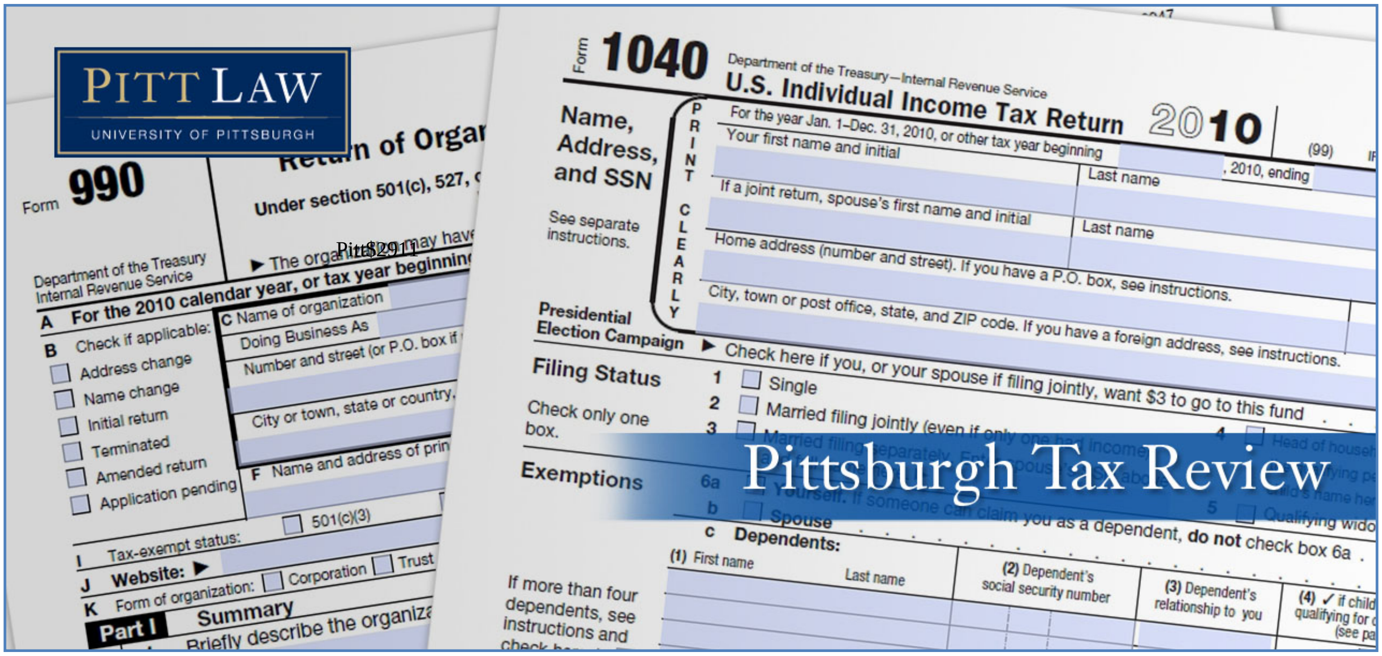

Volume 21 (2024) | ISSN 1932-1821 (print) 1932-1996 (online)
DOI 10.5195/taxreview.2024.236 | http://taxreview.law.pitt.edu

A SOCIAL SAFETY NET REPAIR: DELIVERING STATE TAX BENEFITS TO IMMIGRANT FAMILIES

Aravind Boddupalli and Luisa Godinez-Puig

This journal is published by Pitt Open Library Publishing.

A SOCIAL SAFETY NET REPAIR: DELIVERING STATE TAX BENEFITS TO IMMIGRANT FAMILIES

Aravind Boddupalli and Luisa Godinez-Puig[*]

I. Background

The federal child tax credit (CTC) and earned income tax credit (EITC) are both refundable tax credits that can deliver payments to eligible families whose credit amounts are larger than their tax liabilities. These income-support policies are major components of the United States' social safety net, and proven policy levers for effectively and efficiently improving families' economic well-being.[1] In recent years, various states have enacted their own versions of the CTC and EITC with varying eligibility and refundability rules, expanding the social safety net for many, including immigrant families.

However, immigrant families must navigate a web of complexities to access those federal and state tax benefits. The first hurdle is eligibility rules tied to Social Security numbers (SSNs).[2] Undocumented individuals are not eligible for SSNs, but many comply with federal tax reporting rules and pay

---

[*] Research Associate, Urban-Brookings Tax Policy Center, Urban Institute; and Senior Research Associate, Office of Race and Equity Research, Urban Institute. We thank Nikhita Airi, Richard Auxier, Paola Echave, Tracy Gordon, and Poonam Gupta at the Urban Institute for their feedback.

[1] *See* Elaine Maag & Nikhita Airi, *The Child Tax Credit Grows Up to Lift Millions of Children Out of Poverty*, TAX POL'Y CTR. (Mar. 16, 2021), https://www.taxpolicycenter.org/taxvox/child-tax-credit-grows-lift-millions-children-out-poverty; Hilary Hoynes et al., *Income, the Earned Income Tax Credit, and Infant Health*, 7 AM. ECON. J.: ECON. POL'Y 172 (2015); Hilary Hoynes et al., *Long Run Impacts of Childhood Access to the Safety Net*, 106 AM. ECON. REV. 903 (2016); Day Manoli & Nicholas Turner, *Cash-on-Hand and College Enrollment: Evidence from Population Tax Data and the Earned Income Tax Credit*, 10 AM. ECON. J.: ECON. POL'Y 242 (2018); Zachary Parolin et al., *The Initial Effects of the Expanded Child Tax Credit on Material Hardship* (Nat'l Bureau of Econ. Rsch., Working Paper No. 29285, 2021); Kevin Werner, *The COVID-19 Pandemic Underscored the Child Tax Credit's Power to Alleviate Family Poverty*, URB. INST. (Jan. 27. 2022), https://www.urban.org/urban-wire/covid-19-pandemic-underscored-child-tax-credits-power-alleviate-family-poverty.

[2] Howard Gleckman, *Why Do We Make It So Hard for Immigrants to Pay Their Taxes?*, TAX POL'Y CTR. (Oct. 12, 2017), https://www.taxpolicycenter.org/taxvox/why-do-we-make-it-so-hard-immigrants-pay-their-taxes.

Pitt Tax Review | ISSN 1932-1821 (print) 1932-1996 (online)
DOI 10.5195/taxreview.2024.236 | http://taxreview.law.pitt.edu

federal taxes using Individual Taxpayer Identification Numbers (ITINs).[3] Recent estimates suggest that there are over five million active ITINs.[4] Federal tax law requires that *every* member of a filing household have a SSN to claim the federal EITC.[5] That is, regardless of who earned the income, if one spouse or one child on the tax return does not have a SSN, the entire family cannot benefit from the federal EITC. For the federal CTC, only a child with a SSN is eligible for the credit. This means parents of an eligible child can claim the CTC even if they do not have a SSN, but a filer with a SSN cannot claim it if their child does not have a SSN.[6] In practice, this means that all undocumented immigrants and all mixed-status families[7] filing federal income taxes are ineligible for the EITC and some are ineligible for the CTC, even when they contribute their share in federal income taxes and payroll taxes.

Further, some eligible immigrant families have hesitations about claiming these tax credits, regardless of their work status, because of the prior expansion of the "public charge" rule.[8] While the expansion is no longer in

---

[3] ITINs are also used by some lawfully present survivors of domestic violence, students, and dependents of temporary workers. *See Individual Taxpayer Identification Number (ITIN): A Powerful Tool for Immigrant Taxpayers*, NAT'L IMMIGR. L. CTR., https://www.nilc.org/issues/taxes/itinfaq/ (Oct. 2022) [hereinafter *Powerful Tool*].

[4] TREASURY INSPECTOR GEN. FOR TAX ADMIN., 2024-400-012, ADMINISTRATION OF THE INDIVIDUAL TAXPAYER IDENTIFICATION NUMBER PROGRAM 1 (2023).

[5] *Who Qualifies for the Earned Income Tax Credit (EITC)*, INTERNAL REVENUE SERV. (Mar. 18, 2024), https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/who-qualifies-for-the-earned-income-tax-credit-eitc.

[6] *Tax Year 2021/Filing Season 2022 Child Tax Credit Frequently Asked Questions—Topic E: Commonly Asked Immigration-Related Questions*, INTERNAL REVENUE SERV. (Feb. 23, 2024), https://www.irs.gov/credits-deductions/tax-year-2021-filing-season-2022-child-tax-credit-frequently-asked-questions-topic-e-commonly-asked-immigration-related-questions.

[7] Mixed-status immigrant families refer to those where one or more members are undocumented and all other members are either U.S. citizens or have lawful immigration status. *See Frequently Asked Questions: The Affordable Care Act & Mixed Status Families*, NAT'L IMMIGR. L. CTR. (Oct. 2022), https://www.nilc.org/issues/health-care/aca_mixedstatusfams/.

[8] HAMUTAL BERNSTEIN ET AL., URB. INST. IMMIGRANT FAMILIES FACED MULTIPLE BARRIERS TO SAFETY NET PROGRAMS IN 2021 (2022). According to the U.S. Department of Homeland Security (DHS), a noncitizen who is likely to become a "public charge," or those deemed primarily "dependent on the government for subsistence, can be denied admission or lawful permanent residence." An interim version of the "public charge" rule, formally announced in 2019 and in effect between 2020 and 2021, has since been revised. The Trump Administration had expanded the definition of who the federal government may deem as dependent on government assistance based on a range of additional income, wealth, health, and

Pitt Tax Review | ISSN 1932-1821 (print) 1932-1996 (online)
DOI 10.5195/taxreview.2024.236 | http://taxreview.law.pitt.edu

place, many immigrants are still hesitant to claim any government assistance directly going to families. Targeted and culturally competent outreach from government officials and community leaders is necessary to counter these fears.[9]

Additionally, while these tax credits have complicated eligibility requirements for all taxpayers, few tax preparation sites offer linguistically and culturally accessible resources that adequately service immigrants, especially mixed-status families.[10] This contributes to a critical knowledge gap: survey data showed that immigrant parents of CTC-eligible children were less likely than nonimmigrant parents to have known about the expanded version of the federal CTC in 2021.[11]

And more banal administrative barriers further limit immigrants' access to tax benefits.[12] For example, in 2022 numerous U.S. senators wrote to Treasury Secretary Janet Yellen and then-Internal Revenue Service (IRS) Commissioner Charles Rettig expressing their concerns about ITIN processing backlogs hindering the ability of immigrants to file taxes and thus limiting uptake of the federal CTC.[13] Similarly, members of various immigrant-focused organizations sent a memorandum to the White House

---

other metrics, and to potentially use that as a reason to deny visas and green cards. For more information, see *DHS Publishes Fair and Humane Public Charge Rule*, DEP'T. OF HOMELAND SEC. (Sept. 8, 2022), https://www.dhs.gov/news/2022/09/08/dhs-publishes-fair-and-humane-public-charge-rule.

[9] *See* LUISA GODINEZ-PUIG ET AL., URB. INST., LESSONS LEARNED FROM EXPANDED CHILD TAX CREDIT OUTREACH TO IMMIGRANT COMMUNITIES IN BOSTON (2022), https://www.taxpolicycenter.org/publications/lessons-learned-expanded-child-tax-credit-outreach-immigrant-communities-boston [hereinafter LESSONS LEARNED].

[10] LESSONS LEARNED, *supra* note 9.

[11] Laura Brugger & Elaine Maag, *Immigrants Were Less Likely to Have Received Expanded CTC; Those Who Did Used It for Essentials*, TAX POL'Y CTR. (Aug. 29, 2022), https://www.taxpolicycenter.org/taxvox/immigrants-were-less-likely-have-received-expanded-ctc-those-who-did-used-it-essentials.

[12] *Most Taxpayers Needing a New ITIN Are Prohibited from Filing Electronically, Causing Unnecessary Refund Delays*, TAXPAYER ADVOC. SERV. (Feb. 8, 2024), https://www.taxpayeradvocate.irs.gov/news/nta-blog/nta-blog-most-taxpayers-needing-a-new-itin-are-prohibited-from-filing-electronically-causing-unnecessary-refund-delays/2021/04/.

[13] *Senators Seek Relief for ITIN Applicants*, TAX NOTES (July 14, 2022), https://www.taxnotes.com/research/federal/legislative-documents/congressional-tax-correspondence/senators-seek-relief-itin-applicants/7dn5w (republishing a letter from a group of senators to Treasury Secretary Yellen and IRS Commissioner Rettig).

Pitt Tax Review | ISSN 1932-1821 (print) 1932-1996 (online)
DOI 10.5195/taxreview.2024.236 | http://taxreview.law.pitt.edu

Task Force on New Americans stating that current ITIN policies and practices need to be reformed because they hinder immigrants' integration and economic participation.[14] These organizations highlighted the high costs incurred by immigrants to comply with federal tax obligations, including navigating burdensome application processes with limited tax filing support, running the risks of losing their identification documents, and receiving rejection notices over minor issues.[15]

II. The Landscape for State Tax Credits and Immigrant Families

Many of these challenges at the federal level are mirrored at the state level because states generally accept federal rules for their state tax credits. However, many states have shown how policymakers can circumvent some of these obstacles and better deliver tax benefits to immigrant families.

As of December 2023, thirty-one states and the District of Columbia offered a state-level EITC, and fifteen states offered a state-level CTC (some states offer both).[16] Both state-level tax credits typically "conform" with the federal eligibility rules for the definition of a qualifying child or dependent to make filing simpler for residents and administration easier for states.[17]

---

[14] Memorandum from Coal. of Immigrant Advoc. Orgs. to White House Task Force on New Ams. (Nov. 6, 2023), https://home.treasury.gov/system/files/136/TACRE-Public-Comments-Dec-7-2023.pdf.

[15] *Id.*

[16] *See State and Local Backgrounders: State Earned Income Tax Credits*, URB. INST., https://www.urban.org/policy-centers/cross-center-initiatives/state-and-local-finance-initiative/state-and-local-backgrounders (last visited Mar. 25, 2024); *see also Child Tax Credit Overview*, NAT'L CONF. OF STATE LEGISLATURES (Jan. 26, 2024), https://www.ncsl.org/human-services/child-tax-credit-overview.

[17] The basic qualifying rules for the federal EITC in tax year 2023 include working and having an annual income below $63,398; having investment income below $11,000; having a SSN; and being a U.S. citizen or resident alien. Taxpayers are eligible without a qualifying child if they are ages twenty-five to sixty-five. *Who Qualifies for the Earned Income Tax Credit (EITC)*, INTERNAL REV. SERV., https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/who-qualifies-for-the-earned-income-tax-credit (Mar. 18, 2024). And the basic qualifying rules for the CTC in 2023 include having an annual income of over $2,500 in earnings and total income below $200,000 ($400,000 for married taxpayers); having a qualifying child younger than age seventeen at the end of tax year that is the son, daughter, stepchild, eligible foster child, brother, sister, stepbrother, stepsister, half-brother, half-sister to the claimant (or a descendant of one of these) and is a U.S. citizen or resident alien. *Child Tax Credit*, INTERNAL REVENUE SERV. (Jan. 10, 2024), https://www.irs.gov/credits-deductions/individuals/child-tax-credit.

Pitt Tax Review | ISSN 1932-1821 (print) 1932-1996 (online)
DOI 10.5195/taxreview.2024.236 | http://taxreview.law.pitt.edu

For example, most state EITCs simply provide their credit as a percentage of the federal EITC, fully adopting the federal eligibility rules. Among states that offered a refundable EITC in tax year 2023, matching rates ranged from three percent in Montana to seventy percent in the District of Columbia.[18]

For the CTC, states generally use federal eligibility rules for defining qualifying children but offer the credit as a set dollar amount. For example, in tax year 2023, Minnesota had the largest state CTC in the country, with $1,750 per qualifying child for married taxpayers earning under $35,000.[19] Notably, six states limited their CTC benefits exclusively to taxpayers with children under age six (the federal CTC's limit is for children under age seventeen), but otherwise follow federal rules.[20]

Conforming with federal rules also means that state credits inherit some of the limitations of federal policy, including eligibility restrictions for undocumented immigrants. For example, obtaining an ITIN without filing a paper federal tax return is nearly impossible, except in some rare cases.[21] This means that undocumented immigrants and mixed-status families that may otherwise be eligible for state-level tax benefits cannot claim them if they do not already possess an ITIN or file a federal tax return in that year.

However, as illustrated in table 1, states do not have to accept all federal rules in their state tax codes.[22] As of December 2023, ten states had

---

[18] *State and Local Backgrounders*, *supra* note 16.

[19] *Child Tax Credit*, MINN. DEP'T. OF REVENUE (Feb. 9, 2024), https://www.revenue.state.mn.us/child-tax-credit [hereinafter MINN. DEP'T OF REVENUE].

[20] *What You Need to Know About CTC, ACTC and ODC*, INTERNAL REVENUE SERV. (Mar. 14, 2024), https://www.eitc.irs.gov/other-refundable-credits-toolkit/what-you-need-to-know-about-ctc-and-actc/what-you-need-to-know.

[21] IRS Instructions for Form W-7, Application for IRS Individual Taxpayer Identification Number (2023).

[22] The information presented in table 1 on credit parameters and eligibility criteria is not exhaustive, and further information is available in the sources listed below. *See also State and Local Tax Policies: How Do State Child Tax Credits Work?*, TAX POL'Y CTR.: BRIEFING BOOK, https://www.taxpolicycenter.org/briefing-book/how-do-state-child-tax-credits-work (last visited Apr. 30, 2024); *State and Local Tax Policies: How Do State Earned Income Tax Credits Work?*, TAX POL'Y CTR.: BRIEFING BOOK, https://www.taxpolicycenter.org/briefing-book/how-do-state-earned-income-tax-credits-work (last visited Apr. 30, 2024). Income phaseouts are typically tied to taxpayers' adjusted gross income. Some states that have both a state-level CTC and EITC, such as Maine and New Jersey, have expanded eligibility

Pitt Tax Review | ISSN 1932-1821 (print) 1932-1996 (online)
DOI 10.5195/taxreview.2024.236 | http://taxreview.law.pitt.edu

"decoupled" from the federal eligibility rules and made their CTC inclusive of ITIN filers, and ten states and the District of Columbia have done so for their EITC. Seven states provided both their respective CTCs and EITCs to ITIN filers: California, Colorado, Maryland, Minnesota, New Mexico, Oregon, and Vermont.

Table 1. Summary of State Tax Benefit Parameters, in ITIN Filer-Expansion States, Tax Year 2023

State	Type of Credit	Fully Refundable?	Maximum Credit Amount	Income Phaseout Begins (depends on filing status and family size)	Additional Eligibility Requirements
California[23]	CTC	Yes	$1,083 per tax return	$25,000-$30,000	Qualifying children must be younger than age 6 at the end of the tax year. The taxpayer must also be eligible for the California EITC and can only claim one CTC on their tax return.
	EITC	Yes	Varies with income	$1-$30,000	Childless workers ages 18-24 or over 65 are eligible.

for ITIN filers for only one of their respective credits; we only include information for the tax credits with expanded eligibility for ITIN filers. Tax credit parameters are subject to changes year to year based on temporary or permanent legislation.

[23] Halah Ahmad & Jack Landry, Jain Fam. Inst., Cash at the State Level: Guaranteed Income Through the Child Tax Credit 8 (2023), https://jainfamilyinstitute.org/wp-content/uploads/2023/07/Cash_at_the_State_Level_Ahmad_Landry_2023.pdf; Aidan Davis & Neva Butkus, Inst. on Tax'n & Econ. Pol'y, Boosting Incomes, Improving Equity: State Earned Income Tax Credits in 2023, at 11 (2023), https://sfo2.digitaloceanspaces.com/itep/Boosting-Incomes-Improving-Equity-State-Earned-Income-Tax-Credits-in-2023.pdf [hereinafter Boosting Incomes].

Pitt Tax Review | ISSN 1932-1821 (print) 1932-1996 (online)
DOI 10.5195/taxreview.2024.236 | http://taxreview.law.pitt.edu

State	Type of Credit	Fully Refundable?	Maximum Credit Amount	Income Phaseout Begins (depends on filing status and family size)	Additional Eligibility Requirements
Colorado[24]	CTC	Yes	$1,200 per child	$25,000 (single) or $35,000 (joint)	Qualifying children must be younger than age 6 at the end of the tax year.
	EITC	Yes	50% of federal EITC	Same as federal EITC	Childless workers ages 19-24 eligible.
District of Columbia[25]	EITC	Yes	70% of federal EITC for families with children and 100% for workers without children	Same as federal EITC	
Illinois[26]	EITC	Yes	20% of federal EITC	Same as federal EITC	Childless workers ages 18-24 or over 65 are eligible.

[24] *See* BOOSTING INCOMES, *supra* note 23, at 11; *see also* AIDAN DAVIS & NEVA BUTKUS, INST. ON TAX'N & ECON. POL'Y, STATES ARE BOOSTING ECONOMIC SECURITY WITH CHILD TAX CREDITS IN 2023, at 9 (2023), https://sfo2.digitaloceanspaces.com/itep/States-are-Boosting-Economic-Security-with-Child-Tax-Credits-in-2023.pdf [hereinafter STATES ARE BOOSTING].

[25] BOOSTING INCOMES, *supra* note 23, at 11.

[26] *Id.*

State	Type of Credit	Fully Refundable?	Maximum Credit Amount	Income Phaseout Begins (depends on filing status and family size)	Additional Eligibility Requirements
Maine[27]	EITC	Yes	25% of federal EITC (50% for taxpayers with no qualifying children)	Same as federal EITC	Childless workers ages 18-24 are eligible.
Maryland[28]	CTC	Yes	$500 per child	$15,000	Qualifying children must be younger than age 6 at the end of the tax year; or younger than age 17 for disabled children.
	EITC	Yes	45% of federal EITC (100% for workers without children)	Same as federal EITC	Childless workers ages 18-24 are eligible.
Massachusetts[29]	CTC	Yes	$310 per dependent	Universal	Qualifying children must be younger than age 13 at the end of the tax year. Adult

[27] *Id.*

[28] STATES ARE BOOSTING, *supra* note 24, at 9; BOOSTING INCOMES, *supra* note 23, at 11.

[29] *Massachusetts Child and Family Tax Credit*, COMMONWEALTH OF MASS., https://www.mass.gov/info-details/massachusetts-child-and-family-tax-credit (last updated Dec. 29, 2023).

State	Type of Credit	Fully Refundable?	Maximum Credit Amount	Income Phaseout Begins (depends on filing status and family size)	Additional Eligibility Requirements
					dependents ages 65 and older and disabled dependents may be eligible.
Minnesota[30]	CTC	Yes	$1,750 per child	$29,500 (single) or $35,000 (joint); credit amount phases down jointly between CTC and EITC.	Qualifying children must be younger than age 17.
	EITC	Yes	$2,500 with three or more qualifying older children but varies with family size and income		Taxpayers must be age 19 or older to be eligible.
New Jersey[31]	CTC	Yes	$1,000 per child	$30,000	Qualifying children must be younger than age 6 at the end of the tax year.
New Mexico[32]	CTC	Yes	$600 per child	$25,000	Qualifying children must be younger than age 19 at the

[30] MINN, DEP'T OF REVENUE, *supra* note 19; BOOSTING INCOMES, *supra* note 23, at 11.

[31] STATES ARE BOOSTING, *supra* note 24, at 9.

[32] AHMAD & LANDRY, *supra* note 23, at 8; BOOSTING INCOMES, *supra* note 23, at 12.

State	Type of Credit	Fully Refundable?	Maximum Credit Amount	Income Phaseout Begins (depends on filing status and family size)	Additional Eligibility Requirements
					end of the tax year.
	EITC	Yes	25% of federal EITC	Same as federal EITC	Childless workers ages 18-24 are eligible.
New York[33]	CTC	Yes	$330 per child	$75,000 (single) and $110,000 (married)	Qualifying children must be younger than age 17 at the end of the tax year.
Oregon[34]	CTC	Yes	$1,000 per child	$25,000	Qualifying children must be younger than age 6 at the end of the tax year.
	EITC	Yes	9% of federal EITC (12% for those with dependents under age 3)	Same as federal EITC	
	CTC	Yes	$1,000 per child	$125,000	Qualifying children must be younger than

[33] States Are Boosting, *supra* note 24, at 10.

[34] Ahmad & Landry, *supra* note 23, at 8; Boosting Incomes, *supra* note 23, at 12; *Tax Benefits for Families*, Or. Dep't of Revenue, https://www.oregon.gov/dor/programs/individuals/pages/credits.aspx (last visited Apr. 17, 2024).

Pitt Tax Review | ISSN 1932-1821 (print) 1932-1996 (online)
DOI 10.5195/taxreview.2024.236 | http://taxreview.law.pitt.edu

State	Type of Credit	Fully Refundable?	Maximum Credit Amount	Income Phaseout Begins (depends on filing status and family size)	Additional Eligibility Requirements
Vermont[35]					age 6 at the end of the tax year.
	EITC	Yes	38% of federal EITC	Same as federal EITC	
Washington[36]	EITC	Yes	\$300 per child; \$1,200 per taxpayer but varies with their income	Same as federal EITC	

However, undocumented immigrants and mixed-status families eligible for credits in these states can still face significant administrative barriers to accessing their tax benefits. There is a lack of culturally competent tax information accessible to these families, especially for those that may not have filed federal tax returns in recent years. But targeted outreach efforts from governments and community groups can provide a roadmap for policymakers that are expanding eligibility of state tax benefits for ITIN filers.

III. Administrative Barriers

To start, the process for obtaining and maintaining an ITIN is complicated. This process is especially strained during tax season (roughly February to April), when many eligible families face administrative delays in obtaining ITINs and thus in finalizing their taxes on time. Further straining

[35] Ahmad & Landry, *supra* note 23, at 8; Boosting Incomes, *supra* note 23, at 12.

[36] Boosting Incomes, *supra* note 23, at 12.

the system, strict restrictions on issuing and renewing ITINs in the past decade, such as through rules introduced in the 2015 Protection Against Tax Hikes Act, have caused declines in ITIN applications.[37] These rules include having to present original identification documents (such as birth certificates) and proof of foreign status either by mail or to authorized Certifying Acceptance Agents (CAAs).[38] For many families, being without these original documents for weeks and taking the risk of losing their documents can be daunting. The National Taxpayer Advocate has called these ITIN application requirements "onerous burdens."[39] In particular, there are few in-person CAAs who can provide assistance on how to apply for or renew ITINs that are easily accessible to immigrant communities around the country, and few agents offer free and/or multilingual services.[40]

And immigrant families' concerns about government benefits and their immigration status can exacerbate these administrative hurdles.[41] That is because there is a critical knowledge gap between immigration advocates and tax practitioners.[42] While immigration advocates often understand the intricacies of undocumented immigrants' situations, some are less knowledgeable about the tax system's complexities. Likewise, tax practitioners understand how to navigate eligibility for tax benefits, but few have the linguistic and cultural competencies to adequately service immigrant families.

Due to the recency and variance of state tax credit expansions to ITIN filers, not much is substantively known about the implementation hurdles specifically at the state level. As such, state policymakers, administrators, and advocates may need to think beyond the constraints of federal outreach

---

[37] *Powerful Tool*, *supra* note 3.

[38] *Id.*

[39] 1 NAT'L TAXPAYER ADVOC., 2012 ANNUAL REPORT TO CONGRESS 154 (2012).

[40] *See* Luisa Godinez-Puig & Paige Sonoda, *Creating Avenues to Financial Inclusion for Latino Families*, URB. INST. (Sept. 25, 2023), https://www.urban.org/urban-wire/creating-avenues-financial-inclusion-latino-families; LESSONS LEARNED, *supra* note 9, at 13.

[41] DULCE GONZALEZ & HAMUTAL BERNSTEIN, URB. INST., ONE IN FOUR ADULTS IN MIXED-STATUS FAMILIES DID NOT PARTICIPATE IN SAFETY NET PROGRAMS IN 2022 BECAUSE OF GREEN CARD CONCERNS (2023), https://www.urban.org/research/publication/one-four-adults-mixed-status-families-did-not-participate-safety-net-programs.

[42] Brugger & Maag, *supra* note 11; LESSONS LEARNED, *supra* note 9, at 8.

Pitt Tax Review | ISSN 1932-1821 (print) 1932-1996 (online)
DOI 10.5195/taxreview.2024.236 | http://taxreview.law.pitt.edu

efforts just as they worked around federal tax eligibility rules to create these benefits.

IV. State Impact So Far: Lessons and Results

In order to assess the preliminary impacts of state-level expansions of tax benefits for ITIN filers, we reached out to state government officials and nonprofit stakeholders in eight states that expanded their CTCs or EITCs as of October 2023. We received information from five states: California, Colorado, Maryland, Maine, and Oregon.

Prior research had shown that increasing state-level EITCs overwhelmingly benefited Black and Latine[43] households with lower incomes, and that making tax credits inclusive of ITIN filers could help bolster the well-being of a state's population overall.[44] Initial data from states indicates that CTC and EITC expansions for ITIN filers are already benefitting hundreds of thousands of undocumented and mixed-status families. But early evidence also suggests that the implementation and outreach barriers discussed above need to be addressed for state reforms to achieve their desired impacts.

A. Uptake of State-Level CTCs and EITCs in Four States

As indicated in table 2, in California, nearly 35,000 ITIN filers have claimed the state's CTC (Young Child Tax Credit), and over 220,000 ITIN filers have claimed the state's EITC (CalEITC) as of September 30, 2023.[45] More ITIN filers benefited from the EITC than the CTC because, while the income eligibility for both credits was similar, the California CTC is only

---

[43] We are committed to employing inclusive language whenever possible, though we acknowledge that not every member of these groups may identify with these terms. Here, we use the term Latine instead of Hispanic, Latino, or Latinx. However, we acknowledge that language is constantly evolving and that some individuals may not identify within this term.

[44] Richard C. Auxier, Urb. Inst., How Post-Pandemic Tax Cuts Can Affect Racial Equity, at vii (2022), https://www.taxpolicycenter.org/sites/default/files/publication/163500/how-post-pandemic-tax-cuts-can-affect-racial-equity_1.pdf.

[45] Table 2 is based on correspondence with state government officials that is on file with the authors (available upon request). Data are limited to individual income tax returns processed through September 30, 2023.

Pitt Tax Review | ISSN 1932-1821 (print) 1932-1996 (online)
DOI 10.5195/taxreview.2024.236 | http://taxreview.law.pitt.edu

available to families with children younger than age six, whereas the California EITC is accessible to filers with children eligible for the federal EITC as well as other taxpayers without dependents.[46] The California CTC credit is a set amount for all eligible taxpayers, while the California EITC amount varies with the taxpayer's income and family size.[47] As a share of total claimants of the state's tax credits, ITIN filers comprised about nine percent of the state's CTC claimants and seven percent of EITC claimants. This may be indicative of the state's ITIN filers having young children and incomes under $30,000 at high rates. Nearly two-thirds of ITIN filers' total CTC amount claimed went to those with earned incomes under $20,000, because the credit has a narrow income eligibility range (under $30,000).[48] The typical credit amounts claimed by an eligible ITIN filer was $1,083 for the CTC and $171 for the EITC, amounts that were similar to those for a typical credit claimant overall (with or without ITIN) across California ($1,083 for the CTC and $144 for the EITC).[49]

[46] *See Young Child Tax Credit*, STATE OF CAL. FRANCHISE TAX BD. (Feb. 15, 2024), https://www.ftb.ca.gov/file/personal/credits/young-child-tax-credit.html; *see also Eligibility and Credit Information: CalEITC*, STATE OF CAL. FRANCHISE TAX BD. (Jan. 10, 2024), https://www.ftb.ca.gov/about-ftb/newsroom/caleitc/eligibility-and-credit-information.html.

[47] *See Young Child Tax Credit*, *supra* note 46; *Eligibility and Credit Information*, *supra* note 46.

[48] *See supra* note 45.

[49] *Id.*

Table 2. Summary of California's CTC and EITC Expansions Benefitting ITIN Filers, Tax Year 2022

Category	CTC	EITC
Number of ITIN filer claimants	34,951	221,230
Percentage share of total number of tax credit claimants	8.7%	6.8%
Amount of tax credits claimed by ITIN filers	$34 million	$86 million
Percentage share of total amount of tax credits claimed	8.4%	9.7%
Average credit amount claimed by ITIN filers	$978	$387
Median credit amount claimed by ITIN filers	$1,083	$171
Percentage share of ITIN filer claimants through paid preparers	89.8%	88.1%

Prior estimates suggest that the EITC-eligible, ITIN-eligible population in California may constitute hundreds of thousands more individuals than those who claimed the benefit.[50] Notably, eighty-eight to eighty-nine percent of ITIN filers claiming the state's CTC or EITC filed their taxes through paid preparers, as opposed to self-preparing (ten percent) or going through the IRS's Volunteer Income Tax Assistance (VITA) sites (two percent).[51] This may indicate that automated delivery of tax benefits or more accessible tax filing services could increase uptake of tax benefits in California and elsewhere.[52]

Meanwhile, as indicated in table 3, over 40,000 ITIN filers in Maryland and over 15,000 ITIN filers in Colorado benefitted from expansions of their

---

[50] *See* SAMANTHA WAXMAN & IRIS HINH, CTR. ON BUDGET & POL'Y PRIORITIES, STATES CAN ENACT OR EXPAND CHILD TAX CREDITS AND EARNED INCOME TAX CREDITS TO BUILD EQUITABLE, INCLUSIVE COMMUNITIES AND ECONOMIES (2023), https://www.cbpp.org/research/state-budget-and-tax/states-can-enact-or-expand-child-tax-credits-and-earned-income-tax.

[51] *See supra* note 45.

[52] AHMAD & LANDRY, *supra* note 23, at 25.

Pitt Tax Review | ISSN 1932-1821 (print) 1932-1996 (online)
DOI 10.5195/taxreview.2024.236 | http://taxreview.law.pitt.edu

respective state-level credits in recent years.[53] In Maine, fewer than one hundred ITIN filers claimed the state's EITC, comprising under ten percent of total ITIN filers and under 0.1% of total EITC claimants in the state.[54] In Maryland, ITIN filers on average claimed $708 for the state's EITC in 2021. Notably, that was smaller than the average amount claimed by all other taxpayers ($784).[55]

Table 3. Summary of State CTC and EITC Expansions Benefitting ITIN Filers, Select ITIN Filer-Expansion States, Tax Years 2021 and 2022

State	Type	Tax Year	Number of ITIN filer claimants	Amount of tax credits claimed by ITIN filers	Additional Notes
California	CTC	2022	34,951	$34 million	
	EITC		221,230	$86 million	
Colorado	EITC	2022	15,970	N/A	
	CCETC[56]		322	N/A	
Maine	EITC	2022	56	$29,028	Only includes those claiming the refundable credit.
Maryland	EITC	2021	40,766	$29 million	Only includes those claiming the refundable credit.

[53] Table 3 is based on correspondence with state government officials that is on file with the authors (available upon request). Tax year 2022 refers to individual income tax returns typically filed in 2023. Estimates are not final and may increase or decrease due to late tax filings or erroneous claims, for example.

[54] *Id.*

[55] *Id.*

[56] *See* Colo. Dep't of Revenue, Form DR 0347: Child Care Expenses Tax Credit (2022), https://tax.colorado.gov/sites/tax/files/documents/DR0347_2022.pdf.

Pitt Tax Review | ISSN 1932-1821 (print) 1932-1996 (online)
DOI 10.5195/taxreview.2024.236 | http://taxreview.law.pitt.edu

B. Implementation and Outreach in Colorado and Oregon

Qualitative information from stakeholders in Colorado and Oregon provided early important lessons around effective outreach and policies for policymakers, administrators, and advocates in other states.[57]

In terms of outreach, Colorado stakeholders noted that their efforts were boosted by integrating eligibility information for tax benefits into other government agencies' outreach campaigns, including the Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance to Needy Families (TANF).[58] Colorado also noted that the utility of ITINs to go beyond tax preparation to include access to additional government services, such as obtaining driver's licenses or state identification documents, had a positive effect in increasing the number of immigrant families connected with the state's tax system.[59] These findings are in line with prior research showing that integrating access and outreach efforts through multiple public benefit and service programs can help increase uptake.[60]

Still, stakeholders shared that they had to make active efforts to dispel misinformation around the ITIN application processes, and they stressed the need for conducting more robust outreach campaigns well ahead of tax season.[61] Colorado had limited volunteer tax preparer sites that could assist undocumented and mixed-status families, and it lacked sites with sufficient CAAs prepared to help families obtain ITINs.[62] This lack of targeted support may have suppressed the share of eligible immigrant families claiming tax benefits. And officials in Oregon stressed the need for diversifying their tax awareness and outreach efforts by going beyond the professional tax preparation sector to include more nontax community organizations that

---

[57] Based on correspondence with state government officials (on file with the authors).

[58] *FAQs: Have Questions?*, GET AHEAD COLO., https://www.getaheadcolorado.org/faqs (last visited Mar. 27, 2024).

[59] *See supra* note 57.

[60] Gabby Headrick et al., *Integration and Coordination Across Public Benefit Programs: Insights from State and Local Government Leaders in the United States*, 31 PREVENTIVE MED. REPS. 102077 (2023).

[61] *See supra* note 57.

[62] *Id.*

interface with immigrant families on a more regular basis.[63] Prior research has similarly shown that outreach efforts ought to incorporate the help of "trusted messengers," those already well-recognized and embedded in respective communities, to increase trust and access to information among immigrant families that may otherwise not hear about these benefits or fear repercussions of accessing them.[64]

Overall, stakeholders in Colorado and Oregon concluded that simplifying ITIN documentation processes, speeding up application timelines for CAAs, and expanding volunteer tax services with specific assistance for immigrant families could help them deliver earned benefits to more families in the future.[65]

V. Conclusion

Expanding state-level CTCs and EITCs to ITIN filers in thirteen states and the District of Columbia has boosted the incomes of many immigrant families across the United States by thousands of dollars. ITIN-filing undocumented and mixed-status families are often ineligible for other similar programs, such as the federal EITC, so these state reforms help fill a critical gap in the nation's social safety net. And, as evidenced in prior research on the impacts of these tax benefits, allowing ITIN filers to also access them can positively benefit communities as a whole.

However, even in states with expanded state tax benefits, many immigrant families remain beyond the reach of these tax credits because of various administrative barriers and a lack of culturally competent information. There are awareness gaps among advocates and tax preparers that need to be addressed to assist otherwise-eligible immigrant families. Uptake data and outreach efforts from states like California and Colorado may provide some early lessons and examples of success.

Specifically, there is a track record of what effective government outreach may look like for immigrant families. To overcome eligibility and

---

[63] *Id.*

[64] Lessons Learned, *supra* note 9, at 8.

[65] *See supra* note 57.

complexity hurdles, states must involve trusted messengers that belong to immigrant communities, particularly those known to families in settings like schools, local advocacy organizations, churches, hospitals, and social service agencies.[66] Outreach should also center on creating clear, easy-to-find information with no tax jargon, making information available in multiple languages, disseminating through both in-person and virtual avenues, and connecting immigrants with free tax preparation services.[67] Further, breaking down siloed outreach efforts in favor of inter-agency cooperation, so that there is increased coordination among all stakeholders, also has the potential to increase the impacts of public benefits and services for immigrant taxpayers and communities at-large.[68]

Administrative reforms from the federal government may complement state-led outreach efforts. For example, successfully connecting otherwise-eligible immigrants with state tax credits may require easing ITIN paperwork burdens and decreasing ITIN processing times at the federal level.[69] The federal government could also follow lessons learned from the expansion and outreach strategies at the state level to expand not just eligibility, but also outreach to increase uptake of tax benefits for immigrant families.

Overall, more quantitative and qualitative data from state governments on how many ITIN filers have accessed these tax credits, and which administrative rules and outreach practices have been most successful in connecting eligible families, will be crucial. Evaluating the successes of these tax benefit expansions to reach immigrant families will be instrumental as more states are likely to consider similar reforms in coming years.

---

[66] LESSONS LEARNED, *supra* note 9, at 2; KRIS COX ET AL., CTR. ON BUDGET & POL'Y PRIORITIES, STATE AND LOCAL CHILD TAX CREDIT OUTREACH NEEDED TO HELP LIFT HARDEST-TO-REACH CHILDREN OUT OF POVERTY 4–6 (2021), https://www.cbpp.org/research/federal-tax/state-and-local-child-tax-credit-outreach-needed-to-help-lift-hardest-to-reach.

[67] LESSONS LEARNED, *supra* note 9, at 2–3.

[68] *See supra* note 66.

[69] *See supra* note 14.