

Dean's Column



BY GUEST COLUMNIST PROF. FRANCINE J. LIPMAN, J.D., LL.M.

THE EARNED INCOME TAX CREDIT AND NEVADA'S FAMILIES

Tax season provides a meaningful and targeted economic stimulus for many working families and their local business communities in Nevada. From early February through April 15, 2016, about 250,000 working Nevada families will receive almost \$600 million in federal wage subsidies delivered through the income tax system as the Earned Income Tax Credit (EITC). This federal program lifts more than 100,000 Nevadans out of poverty each year, including about 60,000 children. More than 20,000 of these families have served our nation in the armed forces, and about the same number live in our rural communities.

The William S. Boyd School of Law works with local tax professionals to ensure that our hard-working community members access their EITC refunds. Nevada Free Taxes Coalition (NFTC) is a nonprofit organization formed last year to provide free tax preparation and filing services as well as financial literacy education in southern Nevada. In its first tax season, NFTC (www.nvfreetaxes.org) saved almost 8,000 southern Nevada households about \$1.4 million in tax preparation and filing fees, and delivered \$10.5 million in life-changing federal income tax refunds. NFTC, the Boyd School of Law and other community partners, including Congresswoman Dina Titus, the City of Las Vegas and UNLV student volunteers, hope to top these numbers in 2016. The NFTC program offers free tax assistance to Nevadans with incomes of \$54,000 or less. Law students and other community volunteers must pass a rigorous IRS-

certification enabling them to provide basic income tax return preparation to qualified taxpayers.

Since the EITC was signed into law with bipartisan support in 1975, the program has been rigorously reviewed and studied. These studies have demonstrated that the program encourages work, especially among single mothers, and most significantly mothers with the least education. Families who receive EITC refunds enjoy better physical and mental health, reduced smoking in adults and babies with higher birth-weights. School

children in these households score higher on tests and do better in their classrooms. In the long run, these same children are able to earn higher annual incomes and pay more in taxes, generating a meaningful return on this investment and breaking the pernicious cycle of poverty. Because of these positive outcomes, EITC recipients typically only qualify for a few years until their household income rises above the phase-out threshold. Consistent with Congress' intent, the EITC is a wage subsidy safety net and not a crutch.

EITC federal tax dollars not only serve working families by encouraging work and providing a healthier family environment, but exponentially benefit local businesses. EITC refunds are generally spent in the local community quickly. EITC dollars should generate about \$1 billion in economic stimulus in Nevada, likely resulting in job development.

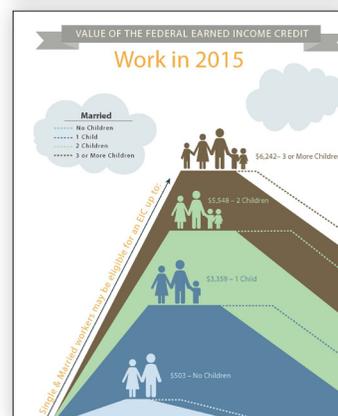
Despite available free services more than 25 percent of qualifying Nevada families do not receive their EITC refunds – significantly above the national average of 20 percent.

Have you earned more than you think?

Get all your money.

File your taxes for FREE and claim the Earned Income Tax Credit and Child Tax Credit

Need help?
Go to www.eitcouthere.com/help or call the IRS at 1-800-829-1040



Nevada is ranked 47th in its EITC participation rate, ranking above only Colorado and Oregon. This means that more than 85,000 Nevada families, including thousands of children and their local communities, are not receiving precious, life-changing refunds. In effect, Nevadans are not collecting about \$200 million in federal EITC dollars, and our communities are forgoing \$300 million in federal economic stimulus that could provide more jobs, better physical and mental health, higher test scores, higher household incomes and more state tax dollars. Simply put, Nevada cannot afford this shortfall. Therefore, we must get the word out to make certain that all hard-working Nevada families and their communities participate to the full extent of the law in EITC benefits. **NL**

FRANCINE J. LIPMAN joined the faculty at the William S. Boyd School of Law in 2012, as a William S. Boyd Professor of Law. She is an elected member of the American Law Institute and the American College of Tax Counsel, an editor and former committee chair for the Tax Section of the American Bar Association and a CPA. Lipman's Juris Doctorate is from the University of California-Davis and her LL.M. (Tax) is from New York University. Lipman's scholarship has appeared in many publications, including the *Wisconsin Law Review*, *Florida Tax Review*, *Virginia Tax Review*, *The Tax Lawyer*, *Nevada Law Journal* and *American University Law Review*. She is a frequent speaker on tax subjects to law and business groups.

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