

City of Philadelphia



Council of the City of Philadelphia
Office of the Chief Clerk
Room 402, City Hall
Philadelphia

(Resolution No. 030794)

RESOLUTION

Requesting the Pennsylvania Congressional delegation, Internal Revenue Service, and the City to assist and educate citizens about the financial benefits of the federal Earned Income Tax Credit.

WHEREAS, The federal Earned Income Tax Credit (“EITC”) is a refundable tax credit for families who work but earn low wages, in which families with two or more children who earn less than \$34,692 are eligible for the EITC;

WHEREAS, The EITC is the largest anti-poverty program of the federal government in that it rewards work and encourages low income families to achieve their economic goals and that the EITC enabled 4.7 million people to rise above the federal poverty line in 1999;

WHEREAS, Approximately 3.5 million families who were eligible for the EITC in 2001 did not claim it and, as a result, poor households and communities failed to receive \$5 billion in additional income;

WHEREAS, In 2002, 45,000 eligible Philadelphia households did not file the EITC, and an estimated \$76.5 million in additional income was not received by these households;

WHEREAS, The households that do file the EITC often do so with commercial tax preparers who encourage filers to take out a Refund Anticipation Loan as way to get EITC refund money back faster;

WHEREAS, Refund Anticipation Loans include high interest rates and fees that are more than 10% of the average EITC refund and the interest paid on these loans can have an annual rate as high as 800%;

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WHEREAS, The Campaign for Working Families (“Campaign”) and ACORN have been educating Philadelphians about the EITC, assisting households to file the EITC through free tax preparation, and warning citizens about the dangers of Refund Anticipation Loans;

WHEREAS, In 2003, through the Campaign’s 26 free tax filing sites, 2,708 EITCs were filed for a total of \$3,924,622 in additional income for Philadelphia households, and which resulted in a savings of \$1.5 million for these households who did not have to pay commercial tax preparers;

WHEREAS, In Recommendation 27 of the Philadelphia Tax Reform Commission’s Final Report, the Commission recommended that the City help low-income Philadelphians to apply for federal income tax relief and that the City should invest at least \$1 million in the Campaign for Working Families to increase local participation in the EITC; now therefore

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That this Council requests the City, through financial assistance and other means, to support the Campaign for Working Families regarding their efforts to assist Philadelphia households with the EITC.

RESOLVED, That this Council requests that the City, when mailing the federal W-2 tax form to its employees, include information regarding the EITC.

FURTHER RESOLVED, That this Council calls on the members of the Pennsylvania Congressional delegation to request that the Internal Revenue Service require employers to include EITC information when mailing the federal W-2 tax form to their employees.

BE IT FURTHER RESOLVED, That this resolution shall be forwarded to the members of the Pennsylvania Congressional delegation and the Internal Revenue Service.

This resolution shall become effective immediately upon its adoption.

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CERTIFICATION: This is a true and correct copy of the original Resolution, Adopted by the Council of the City of Philadelphia on the twentieth of November, 2003.

Anna C. Verna
PRESIDENT OF THE COUNCIL

Patricia Rafferty
CHIEF CLERK OF THE COUNCIL

Introduced by: Councilmember Tasco, Mariano, DiCicco, Goode, Reynolds Brown and Nutter

Sponsored by: Councilmembers Tasco, Mariano, DiCicco, Goode, Reynolds Brown, Nutter, Blackwell, Rizzo, Cohen, Clarke, O'Neill, Miller, Krajewski and Ortiz