

108TH CONGRESS  
1ST SESSION

# H. R. 2756

To direct the Commissioner of Internal Revenue to establish an earned income credit public awareness campaign to increase public awareness and educate Americans of the earned income credit.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 16, 2003

Mr. HASTINGS of Florida introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To direct the Commissioner of Internal Revenue to establish an earned income credit public awareness campaign to increase public awareness and educate Americans of the earned income credit.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Earned Income Credit  
5       Public Awareness Campaign Act”.

6       **SEC. 2. FINDINGS.**

7       The Congress finds the following:

1           (1) In 2001, the earned income credit provided  
2           over \$30,000,000,000 in tax relief to 18,500,000  
3           low-income taxpayers.

4           (2) The earned income credit is the second larg-  
5           est program, after Medicaid, that provides assistance  
6           to low-income individuals combating poverty.

7           (3) Data from the United States Census Bu-  
8           reau Current Population Survey indicates that in  
9           1999, the earned income credit assisted 4,700,000  
10          people, including 2,600,000 children of low-income  
11          workers, to rise above the poverty line.

12          (4) Each year, between 15 and 25 percent of  
13          those who are eligible to receive the earned income  
14          credit fail to claim their credit, either because they  
15          are unaware of it or cannot obtain the assistance  
16          they may need to properly complete the appropriate  
17          tax return.

18          (5) Lack of education, language barriers, fear  
19          or intimidation, limited financial resources, and  
20          unawareness of the earned income credit all con-  
21          tribute to low-income families and individuals not  
22          taking advantage of the credit.

23          (6) The Taxpayer Advocate's Fiscal Year 2002  
24          Annual Report notes, "The laws and regulations  
25          governing family status in the Internal Revenue

1 Code are numerous and complex. As a result, tax-  
2 payers must often seek the service of paid tax pre-  
3 parers to claim credits and benefits on returns. Low  
4 income taxpayers are particularly susceptible to this  
5 need. They rely extensively on paid preparers to as-  
6 sist in navigating the intricacies of the Earned In-  
7 come Tax Credit”.

8 (7) 2002 Internal Revenue Service data indi-  
9 cates that nearly 68 percent of earned income credit  
10 recipients pay someone to prepare their tax returns,  
11 and fewer than 1 in 10 have their tax returns pre-  
12 pared for free by the Volunteer Income Tax Assist-  
13 ance program.

14 (8) An estimated \$994,000,000 in earned in-  
15 come credit refunds were paid by the taxpayer di-  
16 rectly to tax preparers and related businesses for  
17 costs associated with preparation, filing, loans, and  
18 check cashing.

19 (9) Many low-income families and individuals  
20 are disproportionately disadvantaged in meeting the  
21 financial obligation of hiring tax preparers and pur-  
22 chasing tax preparation products.

23 (10) According to the Taxpayer Advocate’s Fis-  
24 cal Year 2002 Annual Report, “The Internal Rev-  
25 enue Service must undertake a significant consumer

1 education campaign so that low income taxpayers  
 2 are able to make informed choices between tax pre-  
 3 parers and tax preparation products”.

4 (11) Increasing public awareness about the  
 5 earned income credit will lead to increased utiliza-  
 6 tion of the credit by low-income families and individ-  
 7 uals.

8 **SEC. 3. EARNED INCOME TAX CREDIT AWARENESS CAM-**  
 9 **PAIGN.**

10 (a) ESTABLISHMENT OF NATIONAL CAMPAIGN.—The  
 11 Commissioner of Internal Revenue (hereafter in this Act  
 12 referred to as the “Commissioner”) shall establish and  
 13 carry out a national public awareness campaign to educate  
 14 Americans of the availability of the credit allowable under  
 15 section 32 of the Internal Revenue Code of 1986 (here-  
 16 after in this Act referred to as the “earned income credit”).

17 (b) SPECIAL TARGETED CAMPAIGN.—In carrying out  
 18 subsection (a), the Commissioner shall make special ef-  
 19 forts to conduct outreach to—

20 (1) low-income families and individuals;

21 (2) students;

22 (3) single parents;

23 (4) businesses and corporations;

24 (5) limited English proficient individuals;

25 (6) transient workers; and

1 (7) military personnel.

2 (c) EDUCATIONAL ACTIVITIES.—In carrying out sub-  
3 section (a), the Commissioner shall make special efforts  
4 to—

5 (1) produce and distribute educational mate-  
6 rials to be distributed nationwide to groups identi-  
7 fied under subsection (b);

8 (2) conduct a targeted media campaign high-  
9 lighting the earned income tax credit;

10 (3) encourage businesses and corporations to  
11 make available and distribute educational materials  
12 produced under paragraph (1) to their employees;  
13 and

14 (4) make educational materials available to  
15 public libraries, post offices, State agencies, and  
16 other public locations where tax information and  
17 forms are readily available or tax preparation serv-  
18 ices are offered.

19 (d) REPORTS TO CONGRESS.—

20 (1) ANNUAL REPORT.—Not later than 1 year  
21 after the date of enactment of this Act, and annually  
22 thereafter, the Commissioner shall submit to the  
23 Congress a report detailing the activities carried out  
24 by the Commissioner under this section and section

1       5 of this Act and recommendations for amendments  
2       to this Act.

3   **SEC. 4. EARNED INCOME TAX CREDIT STATE GRANT PRO-**  
4                   **GRAM.**

5       (a) IN GENERAL.—The Commissioner shall make  
6   grants to State agencies for the purposes of carrying out  
7   an earned income credit Statewide public awareness cam-  
8   paign in conjunction with the national campaign under  
9   section 3.

10      (b) ALLOTMENTS.—The Commission shall allot to  
11   each State for each fiscal year an amount which bears the  
12   same ratio to the amount appropriated to carry out sub-  
13   section (a) for such fiscal year as the total amount of  
14   earned income credit claims made by residents in that  
15   State on returns filed during the second preceding fiscal  
16   year bears to the total amount of earned income credit  
17   claims on returns filed during such second preceding fiscal  
18   year.

19      (c) REQUIREMENT OF MATCHING FUNDS.—To be eli-  
20   gible to receive an allotment under this section, a State  
21   shall provide matching funds to a grant made available  
22   under this section.

23      (d) APPLICATIONS.—To be eligible to receive an allot-  
24   ment under this section, a State shall submit an applica-  
25   tion to the Commissioner at such time, in such manner,

1 and containing such information as the Commissioner may  
2 require.

3 (e) ACCOUNTABILITY.—To be eligible to receive an  
4 allotment under this section, within 180 days of receiving  
5 an allotment, a State shall submit to the Commissioner  
6 a detailed report indicating steps taken by the State to  
7 implement subsection (a) of this section.

8 (f) FUNDING.—No less than 25 percent and no more  
9 than 50 percent of the funds appropriated to carry out  
10 this Act shall be made available to carry out this section.

11 **SEC. 5. AUTHORIZATION OF FUNDS.**

12 (a) IN GENERAL.—There is authorized to be appro-  
13 priated to the Internal Revenue Service \$15,000,000 for  
14 each of fiscal years 2004 through 2014.

15 (b) LIMITATION OF ADMINISTRATIVE EXPENSES.—  
16 Not more than 3 percent of the funds appropriated to  
17 carry out this Act shall be spent on administrative costs  
18 of the Internal Revenue Service.

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