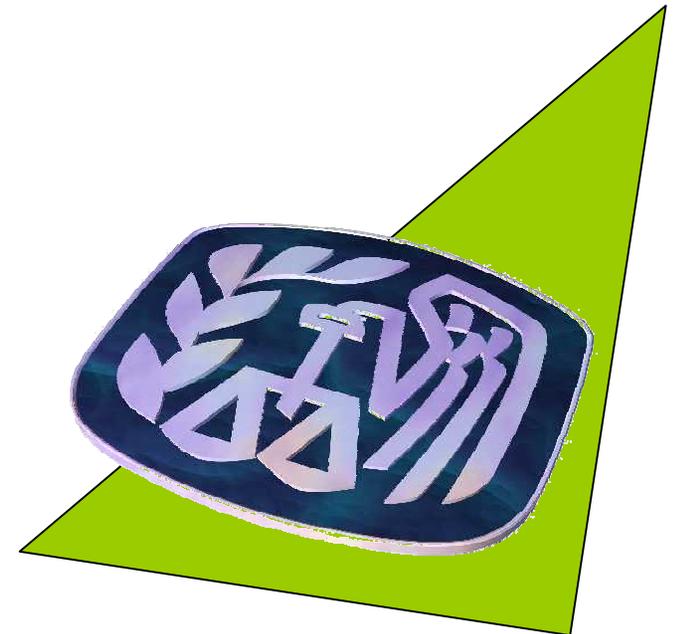


TAX HELP MONTANA





**A collaborative gaining
momentum across
Montana and a multi-
state region**

Earned Income Tax Credit And Volunteer Income Tax Assistance OUTREACH PROJECT



To Help Working Families

....Put More Money In Their Pockets

For Discussion...

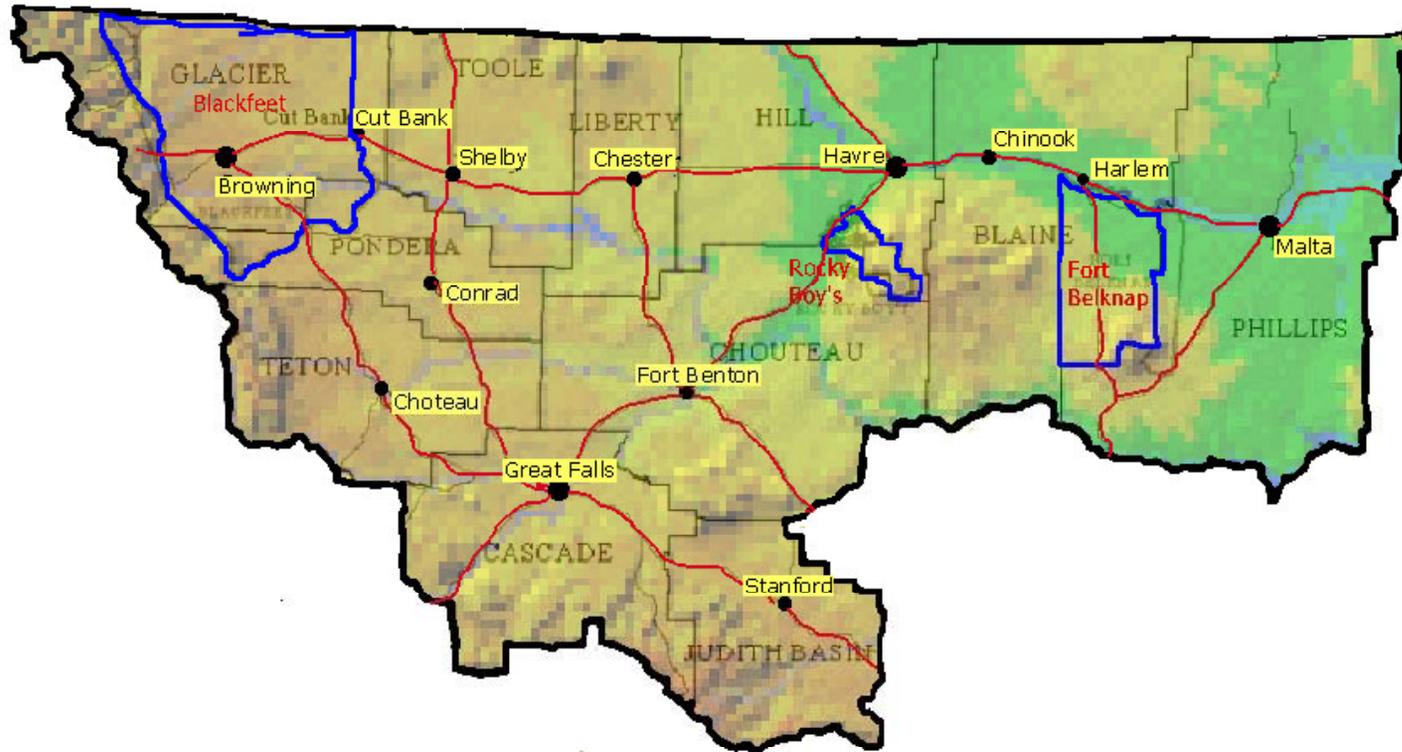
Tax Help Montana

Building Partnerships

Outreach

**Linking EITC to future personal wealth
creation programs**

Earned Income Tax Credit In Northcentral Montana



**\$19.2 Million in EITC Benefits Paid to
11,595 families in Tax Year 2001**

EITC Breakdown

- Northcentral Montana has 16% of the State's Total Tax Filers;
- But 19% of EITC Filers
- Average Northcentral Montana EITC refund is \$1,900.00
- State average is \$1,700.00

A significant portion of eligible filers miss out on thousands of dollars annually

WHY? People fail to file taxes.

1. Many eligible filers do not know about the earned income tax credit.
2. Some low-income families are not required to file, due to past year's low earnings.
3. Others may know about the credit, but fear that they'll lose eligibility for other benefits.

The only way to claim the EITC is to file a tax return.

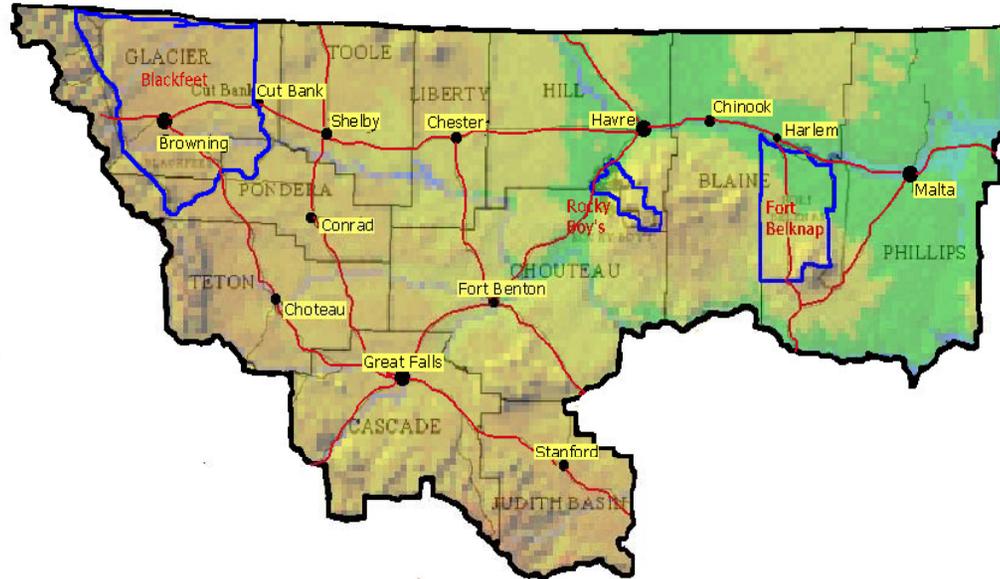
You've earned it, why not claim it?

Types of eligible families less likely to claim the credit include those:

- **With lower incomes**
- **With a history of welfare receipt**
- **With larger families**
- **Whose first language is not English**

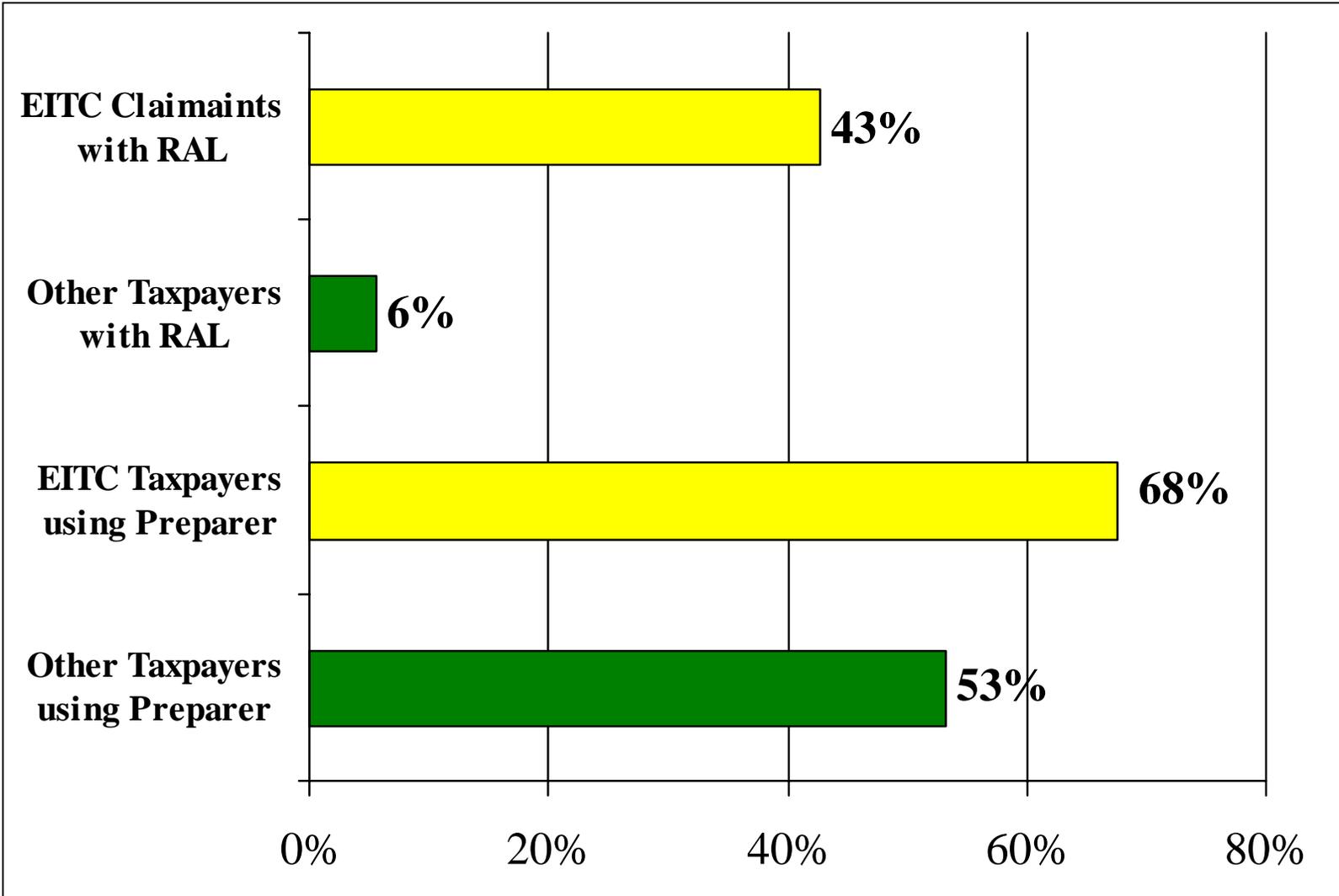
From: January 2003 AECF Study - The Brookings Institution - EITC Series

Economic Impact in Northcentral Montana



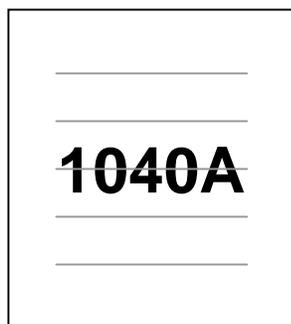
As much as **\$4 million** of \$19 million is **not claimed** each year. Effective EITC Outreach Campaigns can increase filings by 10% or for NC Montana: **\$1.9 million.**

Use of paid preparers & refund loans very high among EITC recipients

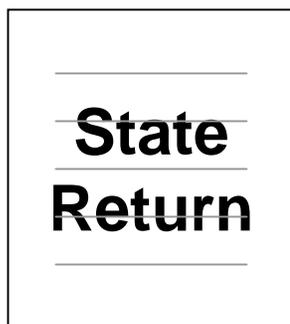


Source: Berube et al., "The Price of Paying Taxes: How Tax Preparation and Refund Loan Fees Erode the Benefits of the EITC." May 2002.

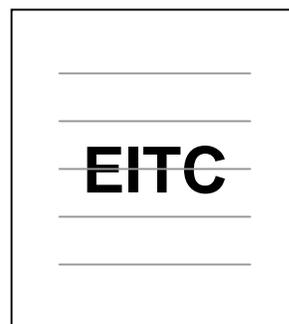
Many families who claim the credit pay a high price to obtain it



+



+



\$85

\$5

+



\$12

**Total >
\$200**

+



\$100-\$150



2001 Tax Year		Household:	EITC	EITC Credit	Rapid	Rapid
		Filing		Amount	Refund	percent
Chinook	Blaine	1,118	151	237,507	25	16.56%
Harlem	Blaine	977	381	751,057	162	42.52%
Hays	Blaine	306	184	369,929	77	41.85%
Hogeland	Blaine	63	3	4,126	0	0.00%
Lloyd	Blaine	35	2	2,594	0	0.00%
Turner	Blaine	148	16	19,900	0	0.00%
Zurich	Blaine	30	4	6,254	0	0.00%
Belt	Cascade	764	91	135,358	15	16.48%
Black Eagle	Cascade	601	134	217,994	38	28.36%
Cascade	Cascade	868	106	157,526	21	19.81%
Fort Shaw	Cascade	324	35	53,620	0	0.00%
Great Falls	Cascade	6,073	1,137	1,768,178	436	38.35%
Great Falls	Cascade	834	144	217,049	43	29.86%
Great Falls	Cascade	11,079	1,369	2,125,506	427	31.19%
Great Falls	Cascade	13,675	2,073	3,222,560	755	36.42%
Great Falls	Cascade	363	54	83,911	10	18.52%
Malmstrom A F B	Cascade	28	3	3,666	0	0.00%
Monarch	Cascade	84	8	11,995	0	0.00%
Neihart	Cascade	35	4	5,819	0	0.00%
Sand Coulee	Cascade	351	33	43,663	0	0.00%
Simms	Cascade	169	26	43,394	0	0.00%

EITC Data for Northcentral Montana 2001 Tax Filings by Zip Codes

2001 Tax Year		Households Filing	EITC	EITC Credit Amount	Rapid Refund	Rapid percent
Stockett	Cascade	169	31	46,746	0	0.00%
Sun River	Cascade	316	24	34,938	0	0.00%
Ulm	Cascade	426	42	63,434	10	23.81%
Vaughn	Cascade	506	98	160,532	28	28.57%
Big Sandy	Chouteau	509	79	120,791	0	0.00%
Carter	Chouteau	155	8	11,776	0	0.00%
Floweree	Chouteau	102	12	12,615	0	0.00%
Fort Benton	Chouteau	910	119	166,724	0	0.00%
Geraldine	Chouteau	268	39	65,938	0	0.00%
Highwood	Chouteau	205	25	39,275	0	0.00%
Loma	Chouteau	104	19	26,090	0	0.00%
Babb	Glacier	160	61	105,759	35	57.38%
Browning	Glacier	2,629	1,491	2,915,968	1,185	79.48%
Cut Bank	Glacier	2,264	298	517,414	146	48.99%
East Glacier Park	Glacier	240	61	85,998	27	44.26%
Box Elder	Hill	860	481	916,605	315	65.49%
Gildford	Hill	164	8	12,298	0	0.00%
Havre	Hill	5,833	909	1,496,374	273	30.03%
Hingham	Hill	119	14	24,943	0	0.00%
Inverness	Hill	72	9	13,543	0	0.00%
Kremlin	Hill	109	10	11,350	0	0.00%
Rudyard	Hill	218	21	37,519	0	0.00%
Geyser	Judith Basin	139	28	38,845	0	0.00%
Hobson	Judith Basin	252	38	62,060	0	0.00%
Moccasin	Judith Basin	98	14	24,952	0	0.00%
Raynesford	Judith Basin	88	7	10,504	0	0.00%
Stanford	Judith Basin	490	47	60,329	0	0.00%
Chester	Liberty	837	58	80,325	0	0.00%
Joplin	Liberty	143	14	24,997	0	0.00%
Lothair	Liberty	14	1	663	0	0.00%
Whitlash	Liberty	27	6	9,156	0	0.00%

2001 Tax Year		Households Filing	EITC	EITC Credit Amount	Rapid Refund	Rapid percent
Dodson	Phillips	230	88	145,135	32	36.36%
Loring	Phillips	58	11	16,024	0	0.00%
Malta	Phillips	1,383	203	315,561	39	19.21%
Whitewater	Phillips	87	11	20,655	0	0.00%
Zortman	Phillips	42	9	13,355	0	0.00%
Brady	Pondera	247	32	42,973	0	0.00%
Conrad	Pondera	1,766	211	318,974	53	25.12%
Dupuyer	Pondera	73	9	14,309	0	0.00%
Heart Butte	Pondera	276	180	362,562	150	83.33%
Ledger	Pondera	144	6	8,602	0	0.00%
Valier	Pondera	711	59	89,353	0	0.00%
Bynum	Teton	57	10	20,794	0	0.00%
Choteau	Teton	1,372	161	239,886	16	9.94%
Dutton	Teton	317	38	63,430	0	0.00%
Fairfield	Teton	852	107	176,204	0	0.00%
Pendroy	Teton	167	4	5,567	0	0.00%
Power	Teton	303	31	54,170	0	0.00%
Ethridge	Toole	29	5	7,138	0	0.00%
Galata	Toole	158	8	12,538	0	0.00%
Kevin	Toole	92	17	31,454	11	64.71%
Oilmont	Toole	50	10	15,726	0	0.00%
Shelby	Toole	1,581	254	380,210	75	29.53%
Sunburst	Toole	327	27	39,484	0	0.00%
Sweet Grass	Toole	195	12	17,631	0	0.00%
Regional Total		66,868	11,533	19,091,802	4,404	38.19%
State Total		414,636	63,125	99,706,500	17,951	

Source: Brookings Institution EITC Calculator: www.brookings.edu/urban/eitc

Rapid Refund Breakdown

- **Use of Rapid Refunds is Higher than the State Average in Northcentral Montana.**
- **38% of Northcentral Montana EITC Filers use the Rapid Refund;**
- **28% Montana EITC Filers use the Rapid Refund**
- **\$1.1 million of NC Montana EITC used for Rapid Refund and Paid Tax Preparers**

Linking the Pieces

**EITC Awareness
and Education**

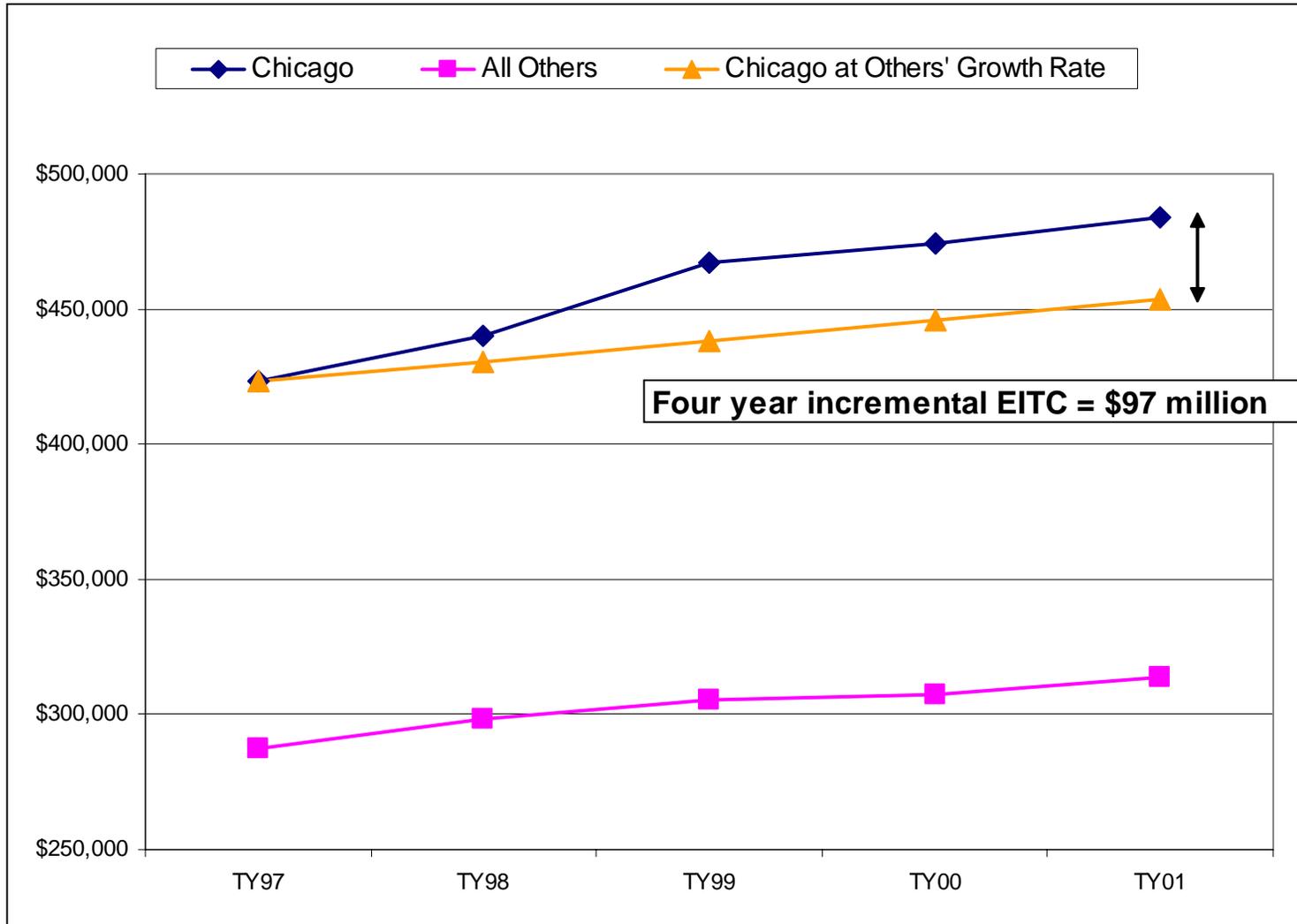
Tax Help Montana

**Asset
Development
Coalition**

**Asset
Building**



Outreach: City of Chicago's outreach campaign boosted the EITC dollars flowing to the city's families



*That's Great for Chicago.
How Will We Find Our Way in Montana?*



IRS Rural Strategy '05

- **The Old Plantation Belt** – These are primarily black populations with high poverty levels on the southern coastal plain, especially from North Carolina through Louisiana.
- **Mid South Delta** – These are the poorest areas of the Mid South Mississippi river delta area. Population traditionally consisted of Blacks and non-Hispanic Whites.
- **Appalachia** – The vast majority of inhabitants in this region are non-Hispanic Whites. There is a high rate of disability in this area.
- **Northcentral Montana** – This 31,000 square mile region (the size of North Carolina) with a population of 150,000 is home to 20,000 Native Americans living in cities and on three reservations.
- **Southwest** – This area contains the highest concentration of traditional Hispanic populations. Principal areas are the southwest, especially Texas and New Mexico.

Tax Help Montana brings people and organizations together...

- 1) **Connect with Working Families and Employers**
- 2) **Put working class individuals on a Path to Home Ownership.**
- 3) **Learn Strategies for Frontier & Native America**
- 4) **Be a Proactive Catalyst for National Change**



Proposed Rural Outreach Strategies

- **Use our contact with low-income population to educate about EITC.**
- **Provide Free Tax Preparation Sites (the Region is Currently Underserved)**
- **Incorporate asset building / financial literacy options into the process.**



Why is there a need for asset building & financial literacy services?

- **22% of families with less than \$25,000 in income lack a bank account of any kind**
- **Dependency on Check Cashers, Payday Loans, Refund Anticipation Loans, etc.**
- **Lack of participation in existing home ownership programs and other financial literacy programs.**

Building Assets Builds Community

Homeownership

- Increases property values
- Decreases residential mobility
- Increases property maintenance
- Increases social and civic involvement

QuickTime™ and a
TIFF (Uncompressed) decompressor
are needed to see this picture.

Why is IRS interested in Community-Based Coalitions?



- **Ensure all eligible families receive tax credits**
- **Shared mission to assist working families**
- **Low income workers have a fear/mistrust of the Government & IRS specifically**
- **Use trusted organizations to distribute materials**

Information Outreach

- www.montanafreefile.org
- 1 800 666 6124 ext: 31
- www.cccsmt.org
- Paycheck Stuffers (City/County/Employers)
- Public Service Announcements
- Press Coverage
- Fliers & Posters



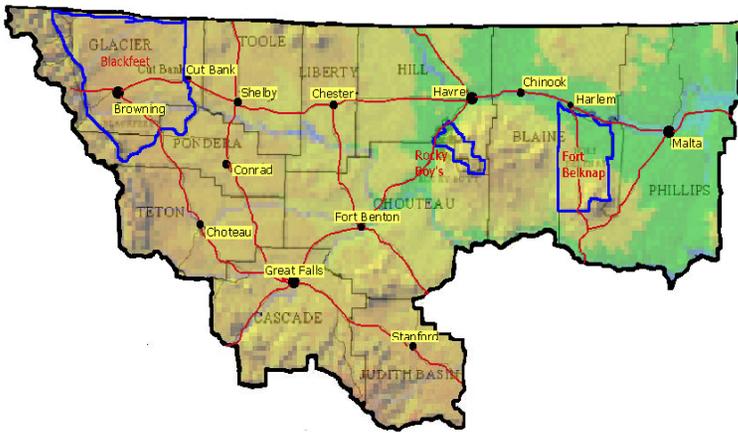
Resource Sites

- www.irs.gov/Individuals > Partnering...
- www.irs-etc.info/SPEC/
- www.etc-info.net
- www.cbpp.org
- www.tax-coalition.org
- www.brookings.org (key word: EITC)





*Nothing But
Blue Skies
Ahead!*



Tax Help Montana



CONSUMER CREDIT
COUNSELING SERVICE
OF MONTANA, INC.



W.K. KELLOGG FOUNDATION
FROM VISION TO INNOVATIVE IMPACT

