April 9, 2024

The Honorable Karen E. Spilka
Senate President
State House, Room 332
Boston, MA 02133

The Honorable Michael J. Rodrigues
Chair, Senate Ways and Means Committee
State House, Room 212
Boston, MA 02133

Dear Madam President and Chair Rodrigues:

On behalf of low income taxpayers and 107 organizations across Massachusetts, the undersigned write today to ask you to improve tax equity by extending the state Earned Income Tax Credit (EITC) to all income-eligible households, whether they file tax returns with Individual Taxpayer Identification Numbers (ITINs) or Social Security Numbers (SSNs).

In 2023, the Legislature, under your leadership, passed a landmark expansion of Massachusetts' EITC. As a result, eligible low- to moderate-income workers and their families are receiving a 10 percent increase in their state credit this tax season, with a maximum additional credit of $892 compared to last year. This permanent increase supports our local and regional economic health and invests in thousands of working families across the Commonwealth. It is a critical step toward a more equitable state tax code. We thank you for this improvement and for your continued support for Volunteer Income Tax Assistance (VITA), as the IRS-certified volunteer tax preparers at those sites help working people maximize the expanded EITC and family tax credits.

The recent EITC expansion, designed to uplift low-wage workers, currently leaves people behind when it should treat all workers equally. As you prepare your fiscal year 2025 budget, **we respectfully request your continued leadership on tax equity by extending eligibility for the EITC to income-eligible working immigrants who file taxes with an ITIN.** Immigrants who work in Massachusetts are a vital part of the economy. The Massachusetts Budget and Policy Center estimates that extending eligibility would cost **$22.6 to $28 million** and support up to **76,000 Massachusetts residents in 26,000 households**, depending on uptake.

The EITC excludes certain workers, undermining the effectiveness of the credit

The EITC boosts the income of working families, but currently leaves out many low-wage workers and their families. Immigrant or mixed-status families who live, work, and pay taxes in Massachusetts cannot receive the EITC *if any member of the household* is ineligible for a SSN. This leaves out more than 76,000 individuals in 26,000 households otherwise eligible for the EITC.

The Internal Revenue Service (IRS) issues ITINs to certain immigrants who are not eligible for a SSN but must comply with U.S. tax laws. ITIN holders are a large and vital part of Massachusetts' workforce, performing crucial roles for many industries essential to our economy. These include health care, construction, service, and farming. ITIN workers are often undocumented, a status that would prevent them from obtaining a SSN. The Pew Research Center estimates that 5.5 percent of the Massachusetts workforce are undocumented immigrants.

Smart state tax policy should not reflect a broken immigration system

Many immigrants face years of waiting before they can obtain SSNs. The failure of immigration reform at the federal level results in a system riddled with backlogs and dead ends giving rise to many mixed-status families where some members have SSNs and others do not. Meanwhile, immigrants work, pay taxes, and become integral members of our local economies and communities. Despite being taxed in the same way as a taxpayer with a SSN, ITIN filers and their families are not eligible for many of the tax benefits that U.S. citizens can receive, including the EITC.

EITC exclusion punishes U.S. citizen children whose parents file returns with ITINs

Entire households are denied the EITC if just one of the taxpayers has an ITIN. This means that **U.S. citizens living in mixed-immigration status households cannot benefit from the EITC**. In Massachusetts, **two-thirds** of the excluded families, totaling between 14,200 and 17,300 households, are mixed-status. Many of these households include U.S. citizen children. If one spouse has a SSN and the other an ITIN, neither they nor their children will get the credit.

EITC expansion will stimulate businesses and the economy in regions with large immigrant populations

EITC payments are more than individual refunds. Benefits extend to the wider communities in which recipients live. Data show that payments are most often on necessities like food, supporting local businesses. In fact, the EITC was originally designed in 1975 to be a temporary economic stimulus measure. Efforts to expand eligibility and promote uptake are often, in part, to inject more dollars into local economies.

Research shows that the EITC improves the health and well-being of children and caregivers. Children in families receiving the EITC do better in school, are more likely to attend college, and earn more as adults. Receipt of EITC also reduces economic hardship, such as food insufficiency. The EITC stimulates local economies, benefiting entire communities. The exclusion of ITIN workers deprives Massachusetts of these full health and economic benefits.

States have taken action

While the federal EITC unfairly excludes workers who file taxes using an ITIN, ten states and the District of Columbia have corrected this inequity in their tax code by extending their state credit to ITIN filers. These include California, Colorado, Illinois, Maryland, Maine, Minnesota, New Mexico, Oregon, Vermont, Washington, and Washington DC. This represents approximately one-third of states with local EITCs.

Massachusetts has previously decoupled its EITC eligibility from the federal credit, and showed commitment to including ITIN filers in state tax credit

In 2017, Massachusetts policymakers created a new filing status to allow survivors of domestic violence and abandoned spouses to claim the state EITC without filing jointly with a partner. This demonstrated the administrative ease of decoupling the state and federal credit. Furthermore, ITIN filers are currently eligible for the Commonwealth's newly expanded Child and Family Tax Credit, signifying the will to include immigrant and mixed-status families in our state tax benefits.

Massachusetts has the opportunity to continue support of its immigrant workforce

In recent years, Massachusetts enacted legislation to help residents, regardless of immigration status, to take full part in commerce and civic life. Laws providing access to drivers' licenses and in-state tuition, for

instance, have opened opportunities that support employment and advance economic growth. **Expanding the EITC to ITIN filers and their families presents an additional opportunity for lawmakers who continue to seek policy solutions to address the workforce shortage and support new immigrants**.

Improving health and equity in the Commonwealth

The exclusion of ITIN workers deepens racial inequities. In Massachusetts, 93 percent of undocumented immigrants come from South America, Mexico and Central America, the Caribbean, Africa, and Asia. Two-thirds have been in the U.S. for more than five years. To highlight this exclusion affecting people of color in the Commonwealth, the Massachusetts Black and Latino Legislative Caucus co-hosted a briefing on ending the tax penalty against immigrant workers on March 14th, 2024.

In 2021, the Health Equity Task Force, created by Chapter 93 of the Acts of 2020, submitted its final report to the Massachusetts Legislature, A Blueprint for Health Equity. Within the report's summary of Immediate and Intermediate Action, section 4.2.3 supports extending the state EITC to ITIN filers. The report states, "**Every one of these filers paid their share of state and federal income tax**… The state EITC should be available to all families who pay taxes."

We thank the Legislature and Senate leadership for its recognition of the benefits of EITC demonstrated through its recent expansion. Ensuring that the EITC supports all income-eligible workers is critical to advance the aim of this expansion: to support the financial stability of our families and low-income workers. We respectfully request your continued leadership on tax equity by extending eligibility for the EITC to working immigrants who file taxes with an ITIN in the FY2025 budget.

Sincerely,

ABCD/Action for Boston Community Development

ACT Lawrence, Inc.

Actual Justice Roundtable of the Southern New England United Church of Christ

Alliance of Massachusetts YMCAs

Allston Brighton Health Collaborative

Amor Agape Servicios Comunitarios

Asian Community Development Corporation

Asian Outreach Center of Greater Boston Legal Services

Boston Children's Hospital

The Boston Foundation

Boston Outdoor Preschool Network

Boston Tax Help Coalition

Boston Teachers Union (BTU)

Brazilian Women's Group

Brazilian Worker Center

Brookline Equity Coalition

Cambridge Economic Opportunity Committee (CEOC)

Cambridge Health Alliance

Center for Public Representation

Central Massachusetts Housing Alliance

Children's HealthWatch

Children's League of Massachusetts

Chinese Progressive Association

Citizens' Housing and Planning Association (CHAPA)

City of Somerville, SomerPromise

City of Somerville, Mayor Katjana Ballantyne

Codman Square Neighborhood Development Corporation (NDC)

Comunidades Enraizadas Community Land Trust, Inc.

Community Action Agency of Somerville, Inc.

Community Action Pioneer Valley

Community Economic Development Center, New Bedford

Community Servings

Compass Working Capital

Disability Law Center

Dominican Development Center, Inc.

Dragonfly Financial Solutions LLC

Ellis Early Learning

EMPath

Empowered and Dedicated to Edify the Nation, Inc. (EDEN)

EP Interpretation and Translation

Food Bank of Western Massachusetts

Fortaleza, Inc.

Greater Boston Food Bank

Greater Boston Legal Services

Greater Lawrence Community Action Council, Inc.

Groundwork Lawrence

Horizons for Homeless Children

Housing Families, Inc.

Immigrants' Assistance Center, Inc.

Immigrant Family Services Institute (ISFI-USA)

Immigrant Service Providers Group/Health

Jewish Alliance for Law and Social Action

Jewish Family Service of Metrowest Massachusetts

Jewish Vocational Services, Boston

Jumpstart for Young Children

Justice at Work

La Colaborativa

Lynn Rapid Response Network

Massachusetts Association for Community Action (MASSCAP)

Massachusetts Association of Community Colleges

Massachusetts Association of Community Development Corporations (MACDC)

Massachusetts Budget & Policy Center

Massachusetts Coalition for the Homeless

Massachusetts Coalition for Occupational Safety and Health (MassCOSH)

Massachusetts Head Start Association

Massachusetts Immigrant and Refugee Advocacy Coalition (MIRA)

Massachusetts Law Reform Institute

Massachusetts Public Health Association

Midas Collaborative

Medical-Legal Partnership Boston (MLPB)

Merrimack Valley Food Bank, Inc.

Metrowest Legal Services

Metrowest Worker Center - Casa

National Consumer Law Center

The Neighborhood Developers

Neighborhood Villages

One Family, Inc.

The People's Pantry

PACE, Inc. (People Acting in Community Endeavors)

Paula’s Barn, Inc.

Personal Disability Consulting, Inc.

Project Bread

Project HOPE Boston Inc.

Regional Environmental Council Inc.

RESULTS, Massachusetts

Rian Immigrant Center

Rosie’s Place

Safety Net Project of the Legal Services Center of Harvard Law School

SkillWorks

Square One (Springfield Day Nursery)

SomerViva: Office of Immigrant Affairs

St. Anthony's Food Pantry

Strategies for Children

StreetCred

Three Sisters

TOOTRiS Child Care On-Demand

Transition House

True Alliance Center, Inc.

UAW Region 9A

United Way of Massachusetts Bay and Merrimack Valley

Vietnamese American Initiative for Development (VietAID)

Women’s Institute for Leadership Development (WILD)

Women's Money Matters

Worcester Community Action Council

Worcester County Food Bank

Workforce Solutions Group

YWCA Cambridge

CC: Vice Chair Friedman and Vice Chair Comerford