

## The EITC and Tax Refund Products By District

### *HB 3640 would regulate tax refund products*

Refunded tax dollars that could help low-income households make ends meet and spur economic activity in local communities are instead ending up in the hands of tax preparation companies that hawk tax refund products. These companies claim to offer quick tax refunds that are in fact high-interest loans or services with steep fees. Because these products often target low-income workers expecting an Earned Income Tax Credit (EITC) refund, they undermine a proven anti-poverty program.

Two common tax refund products are refund anticipation loans (RALs) and refund anticipation checks (RACs). A RAL is a short-term, high-interest loan advertized as a rapid tax refund. A RAC is a temporary bank account controlled by the tax preparation company into which the IRS deposits a refund check, from which the taxpayer withdraws the money — less the tax preparer's fees — through a check or prepaid card. Sold as a way to defer the cost of tax preparation, RACs come with multiple, often undisclosed, fees.

These tax refund products siphon dollars out of EITC refunds, diminishing the program's effectiveness. The EITC is a targeted tax credit designed to honor work, keep families together, reduce poverty and offset the payroll taxes of workers in low-paying jobs. The EITC has a history of bipartisan support in Oregon and at the federal level. Ronald Reagan praised it as "the best anti-poverty, the best pro-family, the best job creation measure to come out of Congress."<sup>1</sup> In Oregon, two thirds of tax filers who applied for a RAL in 2008 were EITC recipients and 13 percent of those benefiting from the EITC applied for a RAL. About one-third of RAC applicants were EITC households, while about 16 percent of those qualifying for the EITC sought a RAC.

HB 3640 would add consumer protections to RALs and RACs. The tables below show, by state House and Senate districts, the share of Oregon's RAL and RAC applicants in 2008 who claimed the EITC and the share of EITC recipients who requested RALs and RACs.

## The EITC and Tax Refund Products By District

RALs by Oregon House District, 2008					
House District	Representative	Total # requesting RALs	# of EITC recipients requesting RALs	% of RALs requests coming from EITC recipients	% of EITC recipients requesting RALs
1	Krieger	1,408	996	71%	16%
2	Freeman	981	691	71%	19%
3	Hicks	1,140	793	70%	15%
4	Richardson	1,100	742	67%	14%
5	Buckley	865	613	71%	12%
6	Esquivel	1,284	907	71%	18%
7	Hanna	880	627	71%	14%
8	Holvey	449	289	64%	9%
9	Roblan	1,271	879	69%	20%
10	Cowan	995	663	67%	15%
11	Barnhart	702	457	65%	12%
12	Beyer	1,170	819	70%	17%
13	Nathanson	654	436	67%	11%
14	Hoyle	978	650	66%	14%
15	Olson	1,027	713	69%	17%
16	Gelser	321	207	65%	8%
17	Sprenger	1,081	714	66%	17%
18	Gilliam	825	476	58%	13%
19	Cameron	945	636	67%	16%
20	Berger	935	640	68%	17%
21	Clem	1,401	966	69%	18%
22	Komp	1,250	834	67%	16%
23	Thompson	971	643	66%	16%
24	Weidner	928	643	69%	15%
25	Thatcher	862	572	66%	14%
26	Wingard	524	308	59%	10%
27	Read	471	280	59%	10%
28	Barker	573	330	58%	10%
29	Brewer	542	351	65%	10%
30	Lindsay	559	343	61%	9%
31	Witt	852	485	57%	13%
32	Boone	1,049	586	56%	15%
33	Greenlick	269	130	48%	5%
34	Harker	595	368	62%	10%
35	Doherty	489	303	62%	10%
36	Nolan	207	90	44%	4%
37	Parrish	370	214	58%	9%
38	Garrett	147	61	42%	4%
39	Kennemer	601	358	60%	11%
40	Hunt	737	459	62%	13%
41	Tomei	666	401	60%	10%
42	Bailey	360	196	54%	5%
43	Frederick	628	402	64%	9%
44	Kotek	1,031	689	67%	14%
45	Dembrow	636	426	67%	11%
46	Cannon	608	383	63%	9%
47	Smith, J.	1,117	793	71%	14%
48	Schauffler	1,128	760	67%	13%
49	Wand	1,079	719	67%	15%
50	Matthews	905	583	64%	14%
51	Sheehan	796	484	61%	11%
52	Johnson	563	317	56%	8%

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<b>RALs by Oregon House District, 2008</b>					
53	Whisnant	1,151	791	69%	14%
54	Conger	833	500	60%	10%
55	McLane	938	637	68%	13%
56	Garrard	1,033	760	74%	15%
57	Smith, G.	1,066	699	66%	16%
58	Jenson	1,269	869	69%	19%
59	Huffman	1,026	685	67%	14%
60	Bentz	1,085	824	76%	18%
<b>House District Average</b>		<b>839</b>	<b>553</b>	<b>66%</b>	<b>13%</b>

Source: OCPP presentation of IRS data for the 2008 tax year compiled and sorted by legislative districts by the Brookings Institution.

<b>RALs by Oregon Senate District, 2008</b>					
Senate District	Senator	Total # requesting RALs	# of EITC recipients requesting RALs	% of RALs requests coming from EITC recipients	% of EITC recipients requesting RALs
1	Kruse	2,389	1,687	71%	18%
2	Atkinson	2,240	1,536	69%	15%
3	Bates	2,149	1,520	71%	15%
4	Prozanski	1,328	915	69%	12%
5	Verger	2,266	1,542	68%	17%
6	Beyer	1,872	1,277	68%	15%
7	Edwards	1,632	1,086	67%	12%
8	Morse	1,348	921	68%	13%
9	Girod	1,907	1,190	62%	15%
10	Winters	1,879	1,276	68%	16%
11	Courtney	2,652	1,800	68%	17%
12	Boquist	1,899	1,286	68%	16%
13	George	1,386	880	64%	13%
14	Hass	1,044	610	58%	10%
15	Starr	1,100	694	63%	9%
16	Johnson	1,901	1,071	56%	14%
17	Bonamici	863	498	58%	8%
18	Burdick	696	394	57%	7%
19	Devlin	516	275	53%	7%
20	Olsen	1,337	817	61%	12%
21	Rosenbaum	1,026	597	58%	7%
22	Shields	1,658	1,090	66%	12%
23	Dingfelder	1,244	809	65%	10%
24	Monroe	2,245	1,553	69%	14%
25	Monnes Anderson	1,984	1,302	66%	14%
26	Thomsen	1,360	801	59%	10%
27	Telfer	1,985	1,292	65%	13%
28	Whitsett	1,971	1,397	71%	14%
29	Nelson	2,336	1,568	67%	17%
30	Ferrioli	2,110	1,509	71%	16%
<b>Senate District Average</b>		<b>1,678</b>	<b>1,106</b>	<b>66%</b>	<b>13%</b>

Source: OCPP presentation of IRS data for the 2008 tax year compiled and sorted by legislative districts by the Brookings Institution.

## The EITC and Tax Refund Products By District

RACs by Oregon House District, 2008					
House District	Representative	Total # requesting RACs	# of EITC recipients requesting RACs	% of RACs requests coming from EITC recipients	% of EITC recipients requesting RACs
1	Krieger	1,975	838	42%	14%
2	Freeman	1,365	546	40%	15%
3	Hicks	1,875	911	49%	17%
4	Richardson	2,082	856	41%	16%
5	Buckley	1,966	759	39%	15%
6	Esquivel	2,544	1,029	40%	20%
7	Hanna	1,505	584	39%	13%
8	Holvey	1,369	430	31%	13%
9	Roblan	1,664	689	41%	15%
10	Cowan	1,724	656	38%	15%
11	Barnhart	1,592	554	35%	15%
12	Beyer	2,264	874	39%	18%
13	Nathanson	1,853	625	34%	16%
14	Hoyle	2,041	756	37%	16%
15	Olson	1,997	744	37%	17%
16	Gelser	1,167	342	29%	12%
17	Sprenger	1,991	781	39%	19%
18	Gilliam	1,795	636	35%	17%
19	Cameron	2,044	779	38%	20%
20	Berger	1,936	744	38%	19%
21	Clem	2,415	1,127	47%	21%
22	Komp	2,317	1,079	47%	21%
23	Thompson	1,978	733	37%	18%
24	Weidner	2,062	784	38%	19%
25	Thatcher	2,119	769	36%	19%
26	Wingard	1,894	496	26%	17%
27	Read	1,697	470	28%	16%
28	Barker	1,973	545	28%	16%
29	Brewer	1,859	605	33%	16%
30	Lindsay	2,279	630	28%	17%
31	Witt	2,064	653	32%	18%
32	Boone	1,759	595	34%	15%
33	Greenlick	1,765	350	20%	12%
34	Harker	2,162	610	28%	17%
35	Doherty	1,735	461	27%	16%
36	Nolan	1,315	236	18%	10%
37	Parrish	1,480	371	25%	16%
38	Garrett	986	178	18%	11%
39	Kennemer	1,633	517	32%	16%
40	Hunt	1,809	592	33%	17%
41	Tomei	1,864	572	31%	14%
42	Bailey	1,888	457	24%	11%
43	Frederick	1,951	617	32%	15%
44	Kotek	2,202	841	38%	17%
45	Dembrow	1,792	597	33%	15%
46	Cannon	1,704	529	31%	13%
47	Smith, J.	2,170	936	43%	17%
48	Schauffer	2,198	910	41%	16%
49	Wand	2,380	893	38%	18%
50	Matthews	2,167	759	35%	18%

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<b>RACs by Oregon House District, 2008</b>					
51	Sheehan	1,977	617	31%	14%
52	Johnson	1,584	493	31%	13%
53	Whisnant	2,422	890	37%	16%
54	Conger	2,346	766	33%	16%
55	McLane	1,936	779	40%	15%
56	Garrard	1,415	637	45%	13%
57	Smith, G.	1,595	655	41%	15%
58	Jenson	2,022	796	39%	17%
59	Huffman	1,706	677	40%	14%
60	Bentz	1,517	713	47%	15%
<b>House District Average</b>		<b>1,881</b>	<b>668</b>	<b>35%</b>	<b>16%</b>

Source: OCPP presentation of IRS data for the 2008 tax year compiled and sorted by legislative districts by the Brookings Institution.

<b>RACs by Oregon Senate District, 2008</b>					
Senate District	Senator	Total # requesting RACs	# of EITC recipients requesting RACs	% of RACs requests coming from EITC recipients	% of EITC recipients requesting RACs
1	Kruse	3,340	1,384	41%	14%
2	Atkinson	3,957	1,768	45%	17%
3	Bates	4,510	1,789	40%	18%
4	Prozanski	2,875	1,014	35%	13%
5	Verger	3,388	1,345	40%	15%
6	Beyer	3,856	1,429	37%	16%
7	Edwards	3,894	1,381	35%	16%
8	Morse	3,165	1,086	34%	16%
9	Girod	3,787	1,418	37%	18%
10	Winters	3,979	1,523	38%	20%
11	Courtney	4,731	2,205	47%	21%
12	Boquist	4,040	1,517	38%	19%
13	George	4,013	1,265	32%	18%
14	Hass	3,670	1,015	28%	16%
15	Starr	4,138	1,234	30%	17%
16	Johnson	3,823	1,248	33%	16%
17	Bonamici	3,928	960	24%	15%
18	Burdick	3,050	698	23%	13%
19	Devlin	2,466	548	22%	14%
20	Olsen	3,442	1,109	32%	16%
21	Rosenbaum	3,752	1,028	27%	13%
22	Shields	4,153	1,459	35%	16%
23	Dingfelder	3,497	1,126	32%	14%
24	Monroe	4,368	1,846	42%	16%
25	Monnes Anderson	4,547	1,652	36%	18%
26	Thomsen	3,561	1,110	31%	13%
27	Telfer	4,768	1,656	35%	16%
28	Whitsett	3,350	1,415	42%	14%
29	Nelson	3,617	1,452	40%	16%
30	Ferrioli	3,223	1,390	43%	15%
<b>Senate District Average</b>		<b>3,763</b>	<b>1,336</b>	<b>35%</b>	<b>16%</b>

Source: OCPP presentation of IRS data for the 2008 tax year compiled and sorted by legislative districts by the Brookings Institution.

Endnotes:

<sup>1</sup> Donosky, Lea, "Sweeping Tax Overhaul Now The Law", *The Chicago Tribune*, October 23, 1986.

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