

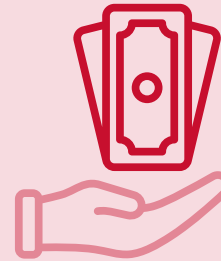
How State Collection Efforts Conflict with State Anti-Poverty Programs

Many state governments use refundable income tax credits to distribute critical safety-net payments to help working families make ends meet and reduce child poverty. These credits, paid out in tax refunds, can include state Earned Income Tax Credit (EITC) or Child Tax Credit (CTC) funds.

In states where they are available, the EITC and CTC reduce tax payments owed and, in many states, are fully or partially refundable when the amount of the EITC and CTC exceeds the amount owed in state taxes. Such refunds result in delivering money to the pockets of families that are struggling to make ends meet and help lift children out of poverty.

At the same time, many states collect debt owed to state and local governments by seizing state income tax refunds or other types of state payments. Seizing tax refunds to collect debt owed to state and local governments can result in seizure of state EITC and CTC benefits, preventing these benefits from reaching the working families and children in poverty that they were designed to help.

It doesn't have to be this way. States should follow [California's](#) example to protect state EITC and CTC benefits from seizure, protecting critical social safety net income supplements for children and families who rely on these benefits to meet basic needs.



27 states and the District of Columbia have a fully or partially refundable state Earned Income Tax Credit (EITC).

11 states have a fully refundable state Child Tax Credit (CTC).

CONSUMER PROBLEM

Families that owe debts to the government have tax refunds seized, including state EITC and CTC payments that help lift children and working families out of poverty.

STATE SOLUTION

Protect state EITC and CTC from state tax refund offset by prohibiting tax refund offsets against those who received EITC or CTC.

For more, see [Seizing the Safety Net: Collecting Criminal Justice Debt with Tax Refund Offsets](#) or contact April Kuehnhoff (akuehnhoff@nclc.org).

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The nonprofit National Consumer Law Center® (NCLC®) works for economic justice for low-income and other disadvantaged people in the U.S. through policy analysis and advocacy, publications, litigation, and training.

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