

**CITY OF SAN ANTONIO
COMMUNITY INITIATIVES DEPARTMENT
CITY COUNCIL AGENDA MEMORANDUM**

TO: Sheryl Sculley, City Manager
FROM: Dennis J. Campa, Director, Department of Community Initiatives
SUBJECT: Resolution Supporting the Volunteer Income Tax Assistance Program (VITA).
DATE: March 2, 2006

SUMMARY AND RECOMMENDATIONS

A resolution declaring the City of San Antonio's support of the Volunteer Income Tax Assistance Program (VITA) in partnership with the San Antonio Coalition for Family Economic Progress, which provides free income tax preparation services.

Staff recommends approval of this resolution.

BACKGROUND INFORMATION

Since 2002, the City of San Antonio has partnered with the Internal Revenue Service (IRS), the Annie E. Casey Foundation, United Way of San Antonio & Bexar County, financial institutions and local universities in establishing the San Antonio Coalition for Family Economic Progress. The Coalition was formed to ensure working families have access to all tax credits to which they are entitled, free of charge, while decreasing the number who use expensive tax preparation services and Refund Anticipation Loans, and connecting them with mainstream financial services.

VITA serves individuals and families earning up to \$40,000 annually. Since 2003, VITA has experienced consistent growth through expanded resources and improved outreach efforts. During the 2005 tax-filing season, the Coalition prepared over 25,000 tax returns and returned almost \$40 million dollars to working families. For 2006, the Coalition expects to serve over 30,000 families and return close to \$50 million to working families. The average Earned Income Tax Credit (EITC) amount returned to families is approximately \$1,952. By providing free VITA services, filers are able to maximize the amount of refund they receive and are educated about the need to avoid the use of predatory Refund Anticipation Loans (RAL) and expensive tax preparation services.

The tax code is increasingly being used as a tool to alleviate poverty, reward work and help individuals and working families supplement their wages and build economic stability. The EITC, a refundable credit for working filers, can make a substantial difference in working families' annual earning. In 2003 over 135,000 low-income San Antonio households received the EITC. Of those families, 68% utilized a paid tax preparer, and 48% used a RAL. RALs are high cost, short-term loans secured by and repaid directly from the consumer's IRS tax refund. Through the City and the Coalition's outreach efforts, families are educated on alternatives to RALs and encouraged to make greater usage of mainstream banking services.

POLICY ANALYSIS

This resolution is consistent with the City of San Antonio, Department of Community Initiatives, mission to integrate community-wide family strengthening and a human development strategy that promotes early childhood development, youth development, a highly skilled workforce, and a safety net of services to build the community's human capital.

FISCAL IMPACT


This resolution has no financial impact. In FY 2005-2006 the City's Adopted Budget for the Department of Community Initiatives includes General Funds of \$138,225 in support of the VITA program. This action requires no additional General Fund commitment.

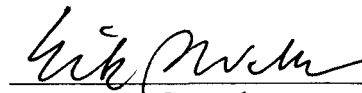
COORDINATION

This item has been coordinated with the office of City Council District 1, the City Attorney's Office, the Governance Committee and the San Antonio Coalition for Family Economic Progress.

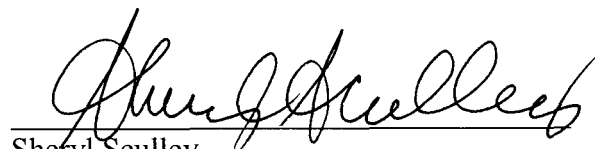
SUPPLEMENTARY COMMENTS

Provisions of the City Ethics Ordinance do not apply.


Dennis J. Campa, Director
Department of Community Initiatives


Frances A. Gonzalez
Assistant City Manager

Approved for Council Consideration:


Sheryl Sculley
City Manager