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**Joint Legislative Public Hearings on
2026-2027 Executive Budget Proposal**

Taxes

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INTRODUCTION

Empire Justice Center is a statewide, multi-issue, multi-strategy not-for-profit civil legal aid provider focused on changing the complex systems impacting low income and marginalized New Yorkers. With a focus on poverty law, Empire Justice takes a 360-degree approach to the areas of law we practice in, providing individual legal representation, policy research and analysis, training and technical assistance as well as impact litigation.

Our work cuts across all significant areas of poverty law and involves three inter-related services:

We practice the law: Empire Justice Center provides a range of legal assistance from our Telesca Center and Library offices in Rochester, Albany, Yonkers, White Plains, Central Islip, and Hempstead. We provide one on one representation and undertake impact litigation to address systemic issues impacting low income and marginalized communities.

We teach the law: Our history as a backup center for civil legal services providers began in the 1970's and while federal funding for these services was eliminated during the mid 1990's, we have sustained that work in specific service areas where we continue to provide training, technical assistance and other legal support services to civil legal aid providers as well as a variety of other community-based organizations, keeping them apprised of changes in the law and regulations and providing legal research and support services.

We change the law: In order to ensure that the needs of low-income families are heard within the state's policy making processes, we engage in both legislative and administrative advocacy on a range of issues impacting our clients, and we do the same as needed at the local and federal levels.

We appreciate the opportunity to submit this testimony on behalf of Empire Justice Center. This testimony addresses issues in the Executive Budget that pertain to taxes.

Our recommendations include:

- 1. Include \$400,000 to preserve and expand our Volunteer Income Tax Assistance Program and Tax Advocacy Program.**
- 2. Build upon last year's expansion and continue to strengthen New York's child tax credit by increasing the maximum credit amount, making it more inclusive, and indexing it to inflation.**
- 3. Invest in a significant expansion of free tax preparation assistance and a public awareness campaign to ensure that eligible filers claim the Empire State Child Credit.**

PRESERVE AND EXPAND LOW INCOME TAXPAYER ASSISTANCE PROGRAMS

Empire Justice Center currently operates two low-income tax assistance programs: CASH (Creating Assets, Savings, and Hope) and the Tax Advocacy Program in Rochester. The United Way of Greater Rochester and the Finger Lakes announced that they would not be renewing our \$150,000 grant, which was the origin of the CASH program and was used for our federal match for our IRS VITA contract. Additionally, we have still been working to close the gap left when our federally funded grant, ROC Your Family's Future, ended in September 2023. We are also concerned that developments at the federal level are putting our IRS funding – and both programs – at risk.

In our work at CASH, we provide tax preparation support to low-income people, helping to ensure they are claiming all the tax credits that they are entitled to. To date, we have supported almost quarter of a million families through our Volunteer Income Tax Assistance (VITA) program in the Rochester area, to set them on a path towards financial stability. Each year we receive over 10,000 phone calls per year, and we provide free tax preparation services and consultations to over 5,000 families and connect them with additional resources that they may not be aware of such as banking, healthcare, public benefits, legal assistance and credit counseling services. Our services save clients tax preparation costs of approximately \$350 per client, putting over \$1 million back into the Monroe County community each year for essentials like food, shelter and transportation.

Our CASH/VITA program plays a crucial role in supporting low- to moderate-income individuals by offering free, professional and reliable tax preparation services. This program continues to be especially important given the rise of predatory practices by some commercial tax preparation companies, which often target vulnerable populations. These for-profit services may charge exorbitant fees, push high-interest refund anticipation loans, or withhold critical information about tax credits, ultimately reducing the refunds families desperately rely on. VITA programs, by contrast, ensure that taxpayers receive their full refunds at no cost, while also educating our clients about available tax benefits like the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC). We do the tax returns other providers won't do because the return is "too small." We know every return is important to our clients and recently spent 2 hours completing a return that totaled \$34 owed to the client.

Client story:

Every spring, as fans gather to watch the local baseball team, the Rochester Red Wings, she's there working long shifts to support her family. For years, she has also been a loyal CASH client, sending heartfelt thank-you notes after we prepare her taxes. This year, when the federal government warned of long delays for paper refund checks and pushed direct deposit, she was overwhelmed. She hadn't had a bank account in years. Prior to the 2024 tax season our staff did outreach to clients who had previously asked for paper checks for their returns. In frustration, she asked our staff if she should just rip up her W-2. Instead, we explained the direct deposit process, how easy it would be for her, and renewed her relationship with a reputable bank through a referral to a trusted representative. This act alone will save her

hundreds of dollars annually. As with many of our clients, we didn't just prepare her taxes, we helped strengthen her long-term financial stability.

Providing financial to support our Tax Advocacy Program and VITA services ensures that low- to moderate-income families receive every dollar they are entitled to claim. As an IRS-certified VITA site, we provide free, accurate tax preparation and individualized support so individuals do not miss critical credits that put money directly back into their households. This is especially important for families eligible for the Empire State Child Tax Credit, which can now benefit parents with low to no income who may not otherwise think they qualify. Without trusted assistance and direct outreach, many of these families simply do not file. Leaving billions of dollars in refundable credits unclaimed annually. VITA programs remove barriers by offering no-cost services, ensuring compliance, and helping taxpayers safely access refunds without being subject to predatory practices. Investment in our programs strengthens household stability, reduces reliance on predatory financial products, and keeps millions of dollars circulating in the local economy.

The Tax Advocacy Program represents low-income Monroe County residents facing IRS problems and related New York State tax issues. We also teach new Americans about our tax system and advocate for systemic changes that will make state and federal tax administration fairer for all. Additionally, we help people with many kinds of IRS and New York State tax problems including delays with refunds, questions about how much is owed and how to pay, innocent and injured spouse relief, and worker classification.

Client story:

In December 2025, The Tax Advocacy Program received an email requesting help getting the IRS to issue a delayed 2024 federal tax refund. We quickly discovered that the taxpayer, a disabled 60-year-old woman, had not contacted us herself. Rather, an employee at her financial institution was impersonating her as part of a scheme involving a fraudulent tax return prepared and filed by identity thieves. The client had given them permission to prepare and file it for her, but they did so without ever showing the document to her. Although the client's sole source of income was Social Security Disability benefits, the filing claimed nearly \$80,000 in refund, none of which she was eligible to receive. Additionally, despite the thieves' promises that she would receive the entire refund, none of the three bank accounts listed on the tax return for direct deposit belonged to her. The thieves had also taken control of her ID.me account, a digital identity verification platform that allows individuals to securely prove their identity online and access services across multiple organizations. This control allowed them to access her IRS records.

The Tax Advocacy Program alerted the IRS, reported the identity theft, secured suspension of the compromised ID.me account, and filed an amended return showing the correct refund of \$0. Records later obtained through a Freedom of Information Act request showed the IRS already questioned the claimed refund and was considering a \$5,000 frivolous filing penalty with a possible referral to its Criminal Investigation Unit. What began as a simple refund inquiry ultimately prevented serious financial harm and potential penalties for a return our client never saw and never authorized.

ASK:

Provide \$400,000 to support our Tax Advocacy Program and CASH/VITA Programs

CONTINUE THE TAX CREDITS AND INCOME LIMIT EXPANSIONS TO CONTINUE TO STRENGTHEN AND EXPAND NEW YORK'S CHILD TAX CREDITS

Families Are Struggling to Afford Life in New York State

Faced with stubbornly high inflation and record high food costs, families across New York State are struggling to make ends meet.¹ At the same time, COVID-19 pandemic relief initiatives have been rolled back, including expanded SNAP benefits, school meals, and enhanced child tax credits.

It is clear that New York families need relief. Meaningful, refundable tax credits for families can provide that relief, enabling families to meet immediate needs and deliver long-term benefits. Extensive research shows that cash and near-cash benefits (such as tax credits) improve children's health and educational outcomes, increase future earnings, and decrease costs in the realms of health care, child protection, and criminal justice.²

Powerful evidence confirms the effectiveness of tax credits. The 2021 pandemic expansion of the federal Child Tax Credit, which increased the credit, particularly for low-income families, and paid it out monthly—dramatically and quickly cut child poverty nearly in half nationally and in New York State. Congress allowed the expanded federal child tax credit to expire, ending that relief for families. As a result, in 2022 and in 2023, nearly all but the wealthiest New York families with children paid more in taxes; many of the state's lowest income families received no federal or state child tax credit.

New York has committed to cutting child poverty in half; tax policy has a key role

There are more than four million children residing in New York State. Nearly one-in-five are experiencing poverty and 37% live in low-income (below 200% of the federal poverty level)

¹ United States Government Accountability Office. (2023). [Food Prices: Information on Trends, Factors, and Federal Roles](#).

² National Academies of Sciences, Engineering, and Medicine. (2019). [A Roadmap to Reducing Child Poverty](#). Washington, DC: The National Academies Press.

families, who struggle to make ends meet.^{3,4} Children in Black, Hispanic/Latino, and multi-racial families experience poverty at much higher rates than non-Hispanic white children, the result of systemic and ongoing racism in housing, education, employment, and other systems. Evidence shows a lack of economic resources for families compromises children’s ability to grow and achieve adult success, hurting them and society.

Far too many children in New York State live in poverty, and many more struggle to make ends meet. In fact, as of 2023, New York ranks 40th in the nation in terms of child poverty, tied for that spot with South Carolina. Stated another way, NY children are more likely to experience poverty than children in 38 other states.⁵

In 2021, the New York State Legislature passed, and Governor Hochul signed into law, the [New York State Child Poverty Reduction Act](#). The Act committed the State to reducing child poverty by half over the following decade and established the Child Poverty Reduction Advisory Council (CPRAC), which is tasked with monitoring the State’s progress and making policy recommendations to move the state toward its goal. CPRAC, now entering its third year as an advisory council, has recognized that progress toward a statewide reduction in child poverty requires sustained and systemic approaches that uplift children and families in all New York communities—rural, urban, and suburban. In December 2024, CPRAC released a set of [policy recommendations](#) to address child poverty in New York State.

Build Upon and Further Expand the Empire State Child Credit to Address Child Poverty and Help Make New York State More Affordable for Families

Last year’s Enacted Budget included significant expansions to New York’s child tax credit, called the Empire State Child Credit, by eliminating an income phase-in that excluded families with the lowest incomes from receiving the full credit, and increased the maximum credit amount to \$1,000 per child per year for children 0-3 and, beginning in Tax Year 2026, \$500 per child per year for children 4-17. If uptake is robust, these changes will have a meaningful impact on child poverty in the state, and on the lives of impacted families. We urge the Legislature to build upon these initial changes to increase the poverty-fighting potential of the credit.

When the federal child tax credit was temporarily expanded in 2021 as a form of pandemic relief, child poverty rates dropped by nearly half, both nationally and here in New York State, confirming the immense effectiveness of refundable tax credits for reducing child poverty, particularly if targeted to reach the poorest and youngest.⁶ Unfortunately for families with children, the expanded credit ended after just one year.

It is critical that New York expand and strengthen its state child tax credit, especially for families facing the most financial hardship by (1) increasing the credit to at least \$1,500 per

³ Schuyler Center for Analysis and Advocacy. (2025). [State of New York’s Children databook](#).

⁴ Kids Count Data Center. (2023). [Children Below 200% Poverty in New York](#). The Annie E. Casey Foundation.

⁵ Kids Count Data Center. (2023). [Children in Poverty in United States](#). The Annie E. Casey Foundation.

⁶ Schuyler Center for Analysis and Advocacy. (2025). [Strong Refundable Tax Credits to End Child Poverty](#).

child per year, as recommended by the Child Poverty Reduction Advisory Council; (2) indexing the credit to inflation so families do not lose the current value of the credit; and (3) ensuring the credit continues to be available to as many immigrant families as possible.

Cash transfers via tax credits can have big poverty-reduction impacts.⁷ With no serious federal proposals on the horizon to provide economic support to struggling families, it is up to New York State to lead.

ASK:

In order to have the greatest impact on child poverty and deliver the greatest tax savings to families struggling to make ends meet, Empire Justice Center urges the Legislature to build upon the Executive Budget's proposal to expand the state's child tax credit by:

- increasing the credit amount of the ESCC to \$1,500 per child per year, as recommended by the State's Child Poverty Reduction Advisory Council, to provide families meaningful support;
- expanding the credit to include 17-year-olds, who are currently excluded from the ESCC;
- indexing the credit to inflation so that families continue to receive the full value of the credit
- ensuring that all of these changes are permanent so that families can rely on the credit each year.

EXPAND NEW YORK'S EARNED INCOME TAX CREDIT TO INCLUDE IMMIGRANT NEW YORKERS AND INCREASE THE CREDIT AMOUNT FOR FAMILIES WITH CHILDREN

The Earned Income Tax Credit (EITC) was designed to encourage work with a credit amount that rises as earnings rise to a maximum level, and then phases out slowly as a worker's earnings increase. The EITC also plays a role in reducing child poverty in New York, constituting the largest state tax credit low-income families receive. In tax year 2024, more than 988,766 New York State taxpayers with children filed EITC claims. The maximum credit available to a family with two children was \$2,088, and the average credit for that composition of family, \$1,288.⁸ Excluded from the state and federal EITC, however, are young and childless adults ages 18 through 24, even though they experience poverty at rates higher than most adults.⁹¹⁰ Many immigrant tax-filers are also excluded. Experts estimate there are 107,000 children in households that do not qualify for EITC financial support solely because a parent files taxes using an Individual Tax Identification Number (ITIN).¹¹ Many low-income workers who are

⁷ Garfinkel, I., & Wimer, C. (2023). [Reforming the Empire State Child Credit to Reduce Child Poverty in New York State](#) [Presentation]. Center on Poverty and Social Policy.

⁸ Office of Tax Policy Analysis. (2025). [Earned Income Tax Credit \(EITC\) Claims by Credit Type and Size of Earned Income: Beginning Tax Year 1994](#). Department of Taxation and Finance.

⁹ Kids Count Data Center. (2023). [Young Adults Ages 18 to 24 in Poverty In New York](#). The Annie E. Casey Foundation.

¹⁰ Kids Count Data Center. (2023). [Population in Poverty in New York](#). The Annie E. Casey Foundation.

¹¹ Wiehe, M., & Gee, L.C. (2020). [Analysis: How the HEROES Act Would Reach ITIN Filers](#). Institute on Taxation and Economic Policy.

ineligible for the federal or state EITC are taxed into poverty or deeper poverty in part because they cannot receive the EITC.¹² Expanding the state tax credit to reach more immigrant New Yorkers and young childless adults would help lessen or end this inequity.

ASK:

New York should expand and strengthen the state EITC by (1) adjusting filing requirements so more tax-paying immigrant New Yorkers can receive the state EITC; (2) increasing the percentage of the federal credit paid to families from 30% to 45%; and (3) expanding the credit for young adults without children (ages 18 through 24) who are currently ineligible for either the federal or state credit.

Thank you for the opportunity to submit this testimony.

¹² The Center on Budget and Policy Priorities. (2023). [Policy Basics: The Earned Income Tax Credit](#).