

Hon. Mark Cusack  
House Chair  
Joint Committee on Revenue  
State House, Room 34  
Boston, MA 02133

Hon. Adam Hinds  
Senate Chair  
Joint Committee on Revenue  
State House, Room 109-E  
Boston, MA 02133

May 21, 2020

RE: Support for An Act to Provide Equal Stimulus Checks to Immigrant Taxpayers: Senate 2659 and House 4726

Chairman Hinds, Chairman Cusack, and distinguished members of the Joint Committee on Revenue:

Thank you for the opportunity to submit testimony on behalf of the Massachusetts Budget and Policy Center (MassBudget), a nonprofit think tank that conducts nonpartisan, independent research and analysis to improve policy for people in Massachusetts. We write today in support of S.2659 and H.4726: "An Act to Provide Equal Stimulus Checks to Immigrant Taxpayers."

A well-established principle of good tax policy is to treat people in similar situations in a similar fashion. Recent federal COVID-19 relief to taxpayers fails to follow this principle because it provides payments to people who file taxes with a Social Security Number but not to tax filers who use an Individual Tax Identification Number (ITIN).

While ideally the federal government would remedy this disparity, addressing the problem has been placed at the state level by federal inaction and gridlock. Unfortunately, the Commonwealth cannot sit by and wait for this to change without severe consequences for individuals and families who have been excluded from relief.

This exclusion harms families composed only of ITIN filers, as well as mixed-status families. The latter includes families with U.S. citizen children, many of whom have filed tax returns using an ITIN rather than a Social Security Number.

The distribution of cash assistance in these bills can be implemented swiftly because the Department of Revenue already holds the bank account or mailing information for ITIN holders,

as well as the relevant income information for adjusting tax filers' benefits. Much like the federal payments by the Internal Revenue Service (IRS), this presents a ready way for the Commonwealth to make relief available to those who have been excluded.

For ITIN filers, who have been dutifully filing income taxes, the exclusion from federal stimulus funds parallels other unwarranted exclusions in the federal system. A recent report by the New York Fiscal Policy Institute shows that undocumented workers in Massachusetts have paid more than \$366 million in unemployment insurance contributions over the past decade, but without Social Security Numbers they remain currently unable to collect a penny of benefits through the Unemployment Insurance system.

Swift distribution of cash payments in these bills will provide essential assistance to families and individuals that are struggling in the wake of COVID-19 and help with the financial circumstances that may threaten families' ability to access basic needs necessary for their health and well-being. As the Commonwealth reaches toward recovery, it is important for all our public health that people are not faced with economic desperation that could force them to risk contracting and spreading the virus.

MassBudget estimated that there are approximately 57,000 adults and children in ITIN taxpayer households in Massachusetts. We estimate that the payments provided in these bills would total approximately \$58.2 million. Supplementary information about these headcount and cost estimates is provided as a final page at the end of this testimony.

We respectfully request that this Committee issue a prompt favorable report for S.2659 and H.4726.

Thank you for your consideration.

Sincerely,

Phineas Baxandall  
Senior Analyst, Massachusetts Budget and Policy Center

### **Supplementary information on budget and head-count estimates:**

MassBudget based a cost estimate using analysis of ITIN headcounts for adults and children provided by the Institute on Taxation and Economic Policy (ITEP). MassBudget assumed payments matching the federal rebate of \$1,200 per adult and \$500 per child. ITEP's headcount estimate makes use of IRS' Stakeholder Partnerships, Education & Communication (SPEC) Returns Database for the ITIN market segment for tax year 2015 and updated for 2020 using ITEP's Microsimulation Tax Model, built up from 2015 IRS data which is then updated using 2020 Census, IRS, Bureau of Labor Statistics and other economic data. Due to IRS data limitations on ITIN filers, the data for filers with incomes over \$60,000 had to be built in based on older data. It indicates that 16 percent of the sample have incomes over \$75,000, of which 10 percent have incomes over \$100,000. This higher-income subgroup of ITIN holders would not be eligible for the payment or would receive a phased-out rebate – just as federal filers with social security numbers above these income thresholds are. No adjustment has been made in the estimate for ineligibility of these higher income ITIN filers.

The estimate counts only the number of children 16 years and under, which is consistent with federal eligibility for the stimulus rebate. The available data is based on the sample groups use of (only) non-refundable child tax credit benefits. No attempt has been made to upwardly adjust the headcount or cost estimate based on additional children not included in this sample.

Finally, the estimate assumes that anybody who is eligible will receive stimulus payments. Given that ITIN holders may fear deportation or misunderstand that receiving the benefit would be associated as a "[public charge](#)," some may not update tax authorities about new addresses and banking information. As a result, the actual participation rates could end up being reduced. No adjustment was made for reduced take-up rates.