

TROUBLES AT TAX TIME

High-cost redfund anticipation loan (RAL) products are costing New Mexicans millions of dollars each tax season.

1/4 of all New Mexican taxpayers are eligible for the Earned Income Tax Credit (EITC) and Working Families Tax Credit (WFTC) -- a tax refund program available for working families.

In 2019, the NM Legislature increased the WFTC from 10% to 17% of the federal EITC.

Tax credits could return more than \$500 million a year to hardworking families and our economy but millions of dollars never reach taxpayers because of predatory credit products and services.

Data from FID shows that 38% of borrowers were unable to make timely payments on their RALs from small loan companies.

35% of full time workers who live below 200% of the federal poverty line in NM are Native American and are likely eligible for the WFTC to help their families make ends meet.

More than 80,000 New Mexicans take out a tax refund anticipation loan or check at tax time.

What the Indian Affairs Committee Can Do Now

Ask FID and TRD to Report to the Committee on:

- 1) Practices of the Refund Anticipation Loan (RALs) Industry in New Mexico**
- 2) The impact that RALs have on New Mexico families who receive the WFTC**

- The Small Loan Act requires the FID to monitor and report annually on small loans, including RALs.
- TRD determines eligibility for and distributes the WFTC.
- The WFTC is widely recognized as an evidence-based solution to reduce poverty and income inequality.