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Agriculture

Food and  
Nutrition  
Service

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**SUBJECT:** SNAP Provisions of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010

**TO:** Regional Directors  
Supplemental Nutrition Assistance Program (SNAP)

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312) was signed into law on December 17, 2010. Section 728 of this Act disregards Federal tax refunds received after December 31, 2009, as income and as resources (for a period of 12 months) in all Federal means-tested programs, including the Supplemental Nutrition Assistance Program (SNAP). This law applies as of the date of enactment and is not retroactive.

Under the new law:

- The total amount of a Federal tax refund received after December 31, 2009 is disregarded as income and resources in the month received. The Federal tax refund may be the result of a refundable credit, over-withholding, or both.
- The resource exclusion lasts for 12 months for all programs.

#### Compliance with the Provision

State agencies must comply with the requirements of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. State agencies must disregard the Federal tax refund as income in the month of receipt. State agencies must ensure that the income information being sought does not include a previously received Federal tax refund. In addition, States must exclude tax refunds as resources for 12 months; State agencies cannot deny a household for SNAP because its resources are above the resource limit if the household would have met the limit if the Federal tax refund were disregarded.

While State agencies have the flexibility to decide how to comply with this provision, Food and Nutrition Service (FNS) strongly recommends that State agencies use the following simplified approach:

- Exclude the Federal tax refund from assets by subtracting any tax refund received by the household in the last 12 months from the household's resources.
- If the difference between the resources and the amount of the Federal tax refund is less than the resource limit, the household meets the resource limit.

AN EQUAL OPPORTUNITY EMPLOYER

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FNS believes that this simplified approach will minimize administrative burdens on States and provide good customer service to SNAP applicants.

State agencies must ensure that their applications and interview protocols are designed such that an applicant or recipient has the opportunity to provide information about a tax refund if receipt of such a refund may affect the household's eligibility or benefit level. This opportunity must be afforded regardless of the manner in which the household submits an application or provides information that will be used to update or renew its eligibility, including those who submit information in person, by phone, or online, and those who do and do not have an interview with an eligibility worker. This is particularly important when applicants are reporting on their assets and simply may be asked for the amount of money in a bank account. A State agency should not deny an application or a recertification because the household has assets above the resource limit unless the applicant has been asked whether anyone in the household has received a Federal tax refund in the last 12 months and those refunds have been properly disregarded.

Households will begin to file their 2010 tax returns very shortly and will begin to receive tax refunds soon. Low-income families that had earnings in 2010 can receive sizable refunds on the basis of refundable tax credits such as the EITC. Swift implementation of this provision is important to ensure that tax refunds are properly disregarded in eligibility decisions. In addition, because the provision applies to all refunds received after December 31, 2009, individuals applying or updating their eligibility in 2011 may have received a tax refund in 2010 that now must be disregarded. State agencies must disregard the 2010 Federal tax refunds for any household that is currently applying or recertifying for SNAP. FNS recognizes that the timeframe presents challenges to State agencies and understands it will be difficult to revise automated systems immediately. However, State agencies must ensure that applicants or recipients who exceed the asset level due to a Federal tax refund received in the last 12 months are not improperly denied or terminated.

Please encourage your State agencies to develop outreach strategies to encourage households that were denied SNAP benefits because they were over the resource limit to reapply for SNAP.

If you have additional questions, please contact Sasha Gersten-Paal at 703-305-2407 or Moira Johnston at 703-305-2515.



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