



**Testimony in Support of SB638
Maryland Child Tax Credit
Wednesday, February 26, 2020**

TO: The Honorable Guy Guzzone, Chair; The Honorable Jim Rosapepe, Vice Chair; and Members of the Senate Budget and Taxation Committee

FROM: Laura E. Irwin, Chair, Montgomery County Community Action Board

The Montgomery County Community Action Board strongly supports SB638, which would establish a Child Tax Credit in Maryland for households with incomes of \$6,000 or less. This bill fills a critical gap for very low-income families who do not qualify for the federal Child Tax Credit. The \$500 credit for each child who is under the age of six or under the age of seventeen and disabled, would make a substantial impact for these vulnerable families.

As the governing body for the Montgomery County Community Action Agency, the county's designated antipoverty entity, we know from the agency's Volunteer Income Tax Assistance (VITA) program that Child Tax Credits, along with Earned Income (EITC) and other tax credits, are some of the most effective anti-poverty tools available. Last year, the agency's VITA program helped County residents receive nearly \$800,000 in Child Tax Credits, money that may be used to pay down debts, put money into savings, and pay for necessities.

Here in Montgomery County, the cost of living is so high that it can be very difficult for families to become self-sufficient. 38% of households with a child under the age of six have incomes below the Self-Sufficiency Standard.¹ Families in this portion of the population with the lowest incomes would directly benefit from this bill. The \$500 Child Tax Credit would help to offset the high cost of necessities such as childcare and housing. In Montgomery County, the average cost of infant care is \$17,713² and outstanding 90% of households with an annual income of less than \$20,000 are housing burdened³. Tax credits provide critical financial support to families who are struggling the most.

This bill has the additional benefit of helping very low-income families who are not receiving the added support of the EITC. Taxpayers who are not citizens are not eligible for the EITC, but they are eligible for the federal Child Tax Credit if their children are citizens. Unfortunately, the very lowest-income taxpayers who are not citizens miss out on both the EITC and the federal Child Tax Credit. Ensuring that these households receive the Child Tax Credit is critically important in diverse areas where a large number of immigrants reside, many of whom are mixed legal status households.

We strongly encourage you to pass SB638 and to continue to support tax credits and other policies that help Marylanders move towards self-sufficiency.

¹ <http://www.selfsufficiencystandard.org/maryland>

² <http://www.marylandfamilynetwork.org/wp-content/uploads/2019/04/Montgomery.pdf>

³ <http://www.census.gov/programs-surveys/acs/>