

SB638 CAP Testimony_FAV

Uploaded by: Irwin, Laura

Position: FAV



**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/>

MAP_FAV_SB 638

Uploaded by: Jefferson, Stacey

Position: FAV



TESTIMONY IN SUPPORT OF SB 638

Maryland Child Tax Credit

Senate Budget and Taxation Committee

February 26th, 2020

Submitted by Stacey Jefferson and Margo Quinlan, Co-Chairs

Member Agencies:

Advocates for Children and Youth
Baltimore Jewish Council
Behavioral Health System Baltimore
CASH Campaign of Maryland
Catholic Charities
Episcopal Diocese of Maryland
Family League of Baltimore
Fuel Fund of Maryland
Health Care for the Homeless
Homeless Persons
Representation Project
Job Opportunities Task Force
League of Women Voters of Maryland
Loyola University Maryland
Maryland Catholic Conference
Maryland Center on Economic Policy
Maryland Community Action
Partnership
Maryland Family Network
Maryland Hunger Solutions
Paul's Place
Public Justice Center
St. Vincent de Paul of Baltimore
Welfare Advocates

Marylanders Against Poverty

Stacey Jefferson, Chair
P: 410-637-1900 ext 8578
C: 443-813-9231

E: stacey.jefferson@bhsbaltimore.org

Margo Quinlan, Co-Chair
C: 410-236-5488

E: mquinlan@familyleague.org

Marylanders Against Poverty (MAP) supports SB 638, which creates a refundable Maryland Child Tax Credit (CTC). Individuals will be able to claim this credit at the state level if they make \$6,000 or less and their child is 6 years old or younger or 17 and has a disability.

This credit will help bridge a gap left by federal policy. For federal policy, the first \$3,000 in earnings do not count when determining the CTC. This means that there are families that earn too little to receive a substantial credit. Some families do not qualify to receive the credit at all. Maryland has the opportunity to cover families that federal policy does not. SB 638 will help more low income families have financial stability.

This bill will provide relief for low income families, which will increase education and health outcomes. When parents have resources, those resources are available to their children. The CTC has been linked to greater education outcomes, and this will have lasting effects on their children's future economic mobility. Establishing a state CTC will boost the health of low income families. When families have more access to money they can seek more medical services, buy more health supplies, and they have a greater opportunity to obtain food security for a moment. More families will be able to pursue specialized services or equipment that would benefit their child. The price of those services and equipment are a burden on a low income family's budget. Many times, children cannot receive the care they need. The Maryland CTC will give children the opportunity to have necessary resources.

SB 638 will help low income families tackle or avoid financial hardships. The CTC is considered one of the federal government's anti-poverty tools. This credit purpose is to supplement a family's income to bring them closer or above the poverty line. This is crucial, because families living under the poverty line face difficult financial hardships that are difficult to navigate. This is exasperated when families live in deep poverty. This means they live under 50% of the federal poverty line. An extra \$500 for these families will increase their available income, and help them navigate through obstacles.

MAP appreciates your consideration and urges a favorable report for support SB 638.

Marylanders Against Poverty (MAP) is a coalition of service providers, faith communities, and advocacy organizations advancing statewide public policies and programs necessary to alleviate the burdens faced by Marylanders living in or near poverty, and to address the underlying systemic causes of poverty.

SB638 MAP Testimony_FAV

Uploaded by: Jefferson, Stacey

Position: FAV



Member Agencies:

Advocates for Children and Youth
Baltimore Jewish Council
Behavioral Health System Baltimore
CASH Campaign of Maryland
Catholic Charities
Episcopal Diocese of Maryland
Family League of Baltimore
Fuel Fund of Maryland
Health Care for the Homeless
Homeless Persons
Representation Project
Job Opportunities Task Force
League of Women Voters of Maryland
Loyola University Maryland
Maryland Catholic Conference
Maryland Center on Economic Policy
Maryland Community Action
Partnership
Maryland Family Network
Maryland Hunger Solutions
Paul's Place
Public Justice Center
St. Vincent de Paul of Baltimore
Welfare Advocates

Marylanders Against Poverty

Stacey Jefferson, Chair
P: 410-637-1900 ext 8578
C: 443-813-9231
E: stacey.jefferson@bhsbaltimore.org

Margo Quinlan, Co-Chair
C: 410-236-5488
E: mquinlan@familyleague.org

TESTIMONY IN SUPPORT OF SB 638

Maryland Child Tax Credit

Senate Budget and Taxation Committee

February 26th, 2020

Submitted by Stacey Jefferson and Margo Quinlan, Co-Chairs

Marylanders Against Poverty (MAP) supports SB 638, which creates a refundable Maryland Child Tax Credit (CTC). Individuals will be able to claim this credit at the state level if they make \$6,000 or less and their child is 6 years old or younger or 17 and has a disability.

This credit will help bridge a gap left by federal policy. For federal policy, the first \$3,000 in earnings do not count when determining the CTC. This means that there are families that earn too little to receive a substantial credit. Some families do not qualify to receive the credit at all. Maryland has the opportunity to cover families that federal policy does not. SB 638 will help more low income families have financial stability.

This bill will provide relief for low income families, which will increase education and health outcomes. When parents have resources, those resources are available to their children. The CTC has been linked to greater education outcomes, and this will have lasting effects on their children's future economic mobility. Establishing a state CTC will boost the health of low income families. When families have more access to money they can seek more medical services, buy more health supplies, and they have a greater opportunity to obtain food security for a moment. More families will be able to pursue specialized services or equipment that would benefit their child. The price of those services and equipment are a burden on a low income family's budget. Many times, children cannot receive the care they need. The Maryland CTC will give children the opportunity to have necessary resources.

SB 638 will help low income families tackle or avoid financial hardships. The CTC is considered one of the federal government's anti-poverty tools. This credit purpose is to supplement a family's income to bring them closer or above the poverty line. This is crucial, because families living under the poverty line face difficult financial hardships that are difficult to navigate. This is exasperated when families live in deep poverty. This means they live under 50% of the federal poverty line. An extra \$500 for these families will increase their available income, and help them navigate through obstacles.

MAP appreciates your consideration and urges a favorable report for support SB 638.

Marylanders Against Poverty (MAP) is a coalition of service providers, faith communities, and advocacy organizations advancing statewide public policies and programs necessary to alleviate the burdens faced by Marylanders living in or near poverty, and to address the underlying systemic causes of poverty.

1199SEIU_FAV_SB 638 Testimony

Uploaded by: jones, ricarra

Position: FAV



PRESIDENT
George Gresham

SECRETARY TREASURER
Maria Castaneda

SENIOR EXECUTIVE VICE PRESIDENTS
Yvonne Armstrong
Veronica Turner

EXECUTIVE VICE PRESIDENTS
Jacqueline Alleyne
Norma Amsterdam
Lisa Brown
George Kennedy
Maria Mercado
Steve Kramer
Tyrek Lee
Joyce Neil
Monica Russo
Rona Shapiro
Milly Silva
Greg Speller
Laurie Vallone
Estela Vazquez

VICE PRESIDENTS AT LARGE
Mark Bergen
Dale Ewart
Tim Foley
David Greenberg
Pat Lippold
Ron McCalla
Rhina Molina-Munck
Barbara Rosenthal
Helen Schaub
Onika Shepherd
Allan Sherman
Katherine Taylor
Daine Williams

VICE PRESIDENTS
Shaywaal Amin
Michael Ashby
Sally Cabral
Gerard Cadet
Joseph Chinea
Donald Crosswell
Jude Derleme
Filaine Deronnette
Raymont Dorasay
Jerry Fishbain
Eunice Forde
Patrick Forde
Viadimir Fortunny
Jennifer Foster-Epps
Roy Garcia
Frances Gentile
Robert Gibson
Rebecca Gutman
Ruth Heller
Kwai Kin (David) Ho
Todd Hobler
Antonio Howell
Herbert Jean-Baptiste
Brian Joseph
Keith Joseph
William Kee
Manuel Leon
Maryellen Leveille
Winslow Luna
Coraminita Mahr
Donta Marshall
Patricia Marthone
Dalton Mayfield
Leah Nelson
Margaretta Nerette
Bruce Popper
Victor Rivera
Timothy Rodgers
Rene R. Ruiz
James Scordato
Stephanie Shaw
Berta Silva
Patricia Smith
Clauvise St. Hilaire
Kathy Tucker
Antoinette Turner
Ana Vazquez
Julio Vives
Margaret West-Allen
Nadine Williamson-Seals
Noreen Wray-Roach
Gladys Wrenick
Sui Ling Xu

**Testimony of Ricarra Jones, Political Director of 1199SEIU on
SB 638 – Maryland Child Tax Credit
Position: SUPPORT
February 26, 2020**

Dear Chairman Guy Guzzone and Members of the Senate Budget and Taxation Committee::

1199SEIU Healthcare Workers East is the largest healthcare union in the country with, with over 450,000 members throughout Massachusetts, New York, New Jersey, Maryland, Florida and Washington, D.C. **We fully support SB 638.**

SB 638 would create a targeted tax credit to help low- and moderate-income families who have children. It would establish a state-funded supplement to the federal Child Tax Credit in order to lift thousands of Maryland families with children out of poverty.

The Child Tax Credit is a federal tax credit of \$2,000 per child under the age of 17. The 2017 federal tax reforms made significant changes to the federal Child Tax Credit program that resulted in a regressive structure that hurts low-and moderate-income families.

Most notably, now only a portion of the federal tax credit is refundable, whereas previously, 100% of the tax credit was refundable. This change disproportionately impacts low-income families. For instance, a married couple with two children that makes less than \$36,400 a year receives only a portion of the tax credit.

According to an analysis by the Institute on Taxation and Economic Policy, these changes mean nationally that 24 million low- and moderate-income children no longer receive the full amount of the tax credit. Put another way: one-third of families with children in the U.S. are being left behind, including more than 50% of black and Hispanic children and 73% of kids being raised by a single mom. Conversely, only 2% of kids are ineligible for the full credit because their families earn too much money. In Maryland, 27% of kids are left out of the full tax credit.

Without this bill, too many children in Maryland will continue to grow up in poverty and as we know, children who grow up in poverty experience lifelong disadvantages; disadvantages and negative outcomes that we can prevent by ensuring that low- and middle-income families receive the full benefit of the tax credit.

For these reasons, we **SUPPORT sb 638** and ask for a **FAVORABLE** report.

GENERAL COUNSEL
Daniel J. Ratner

CHIEF FINANCIAL OFFICER &
DIRECTOR OF ADMINISTRATION
Michael Cooperman

**NEW YORK CITY
PRINCIPAL
HEADQUARTERS**
310 West 43rd St.
New York, NY 10036
(212) 582-1890
www.1199seiu.org

ALBANY
155 Washington Ave.
Albany, NY 12210
Tel. (518) 396-2300
Fax (518) 436-1140

BALTIMORE, MARYLAND
611 North Eutaw Street
Baltimore, MD 21201
Tel. (410) 332-1199
Fax (410) 332-1291

MASSACHUSETTS
108 Myrtle Street, 4th Fl.
Quincy, MA 02171
Tel. (617) 284-1199
Fax (617) 474-7150

BUFFALO
2421 Main Street, Suite 100
Buffalo, NY 14214
Tel. (716) 982-0540
Fax (716) 876-0930

FLORIDA
2881 Corporate Way
Miramar, FL 33025
Tel. (305) 623-3000
Fax (305) 826-1504

GOUVERNEUR
95 E. Main St.
Gouverneur, NY 13642
Tel. (315) 287-9013
Fax (315) 287-7226

HICKSVILLE
100 Duffy Ave., Suite 3 West
Hicksville, NY 11801
Tel. (516) 542-1115
Fax (516) 542-0919

NEW JERSEY
555 Route 1 South, 3rd Fl., Suite 301A
Iselin, NJ 08830
Tel. (732) 287-8113
Fax (732) 287-8117

ROCHESTER
259 Monroe Ave., Suite 220
Rochester, NY 14607
Tel. (585) 244-0830
Fax (585) 244-0956

SYRACUSE
250 South Clinton Street, Suite 200
Syracuse, NY 13202
Tel. (315) 424-1743
Fax (315) 479-6716

WHITE PLAINS
99 Church St., 4th Fl.
White Plains, NY 10601
Tel. (914) 993-6700
Fax (914) 993-6714

SB638 MDDC Testimony_FAV

Uploaded by: London, Rachel

Position: FAV



Maryland Developmental Disabilities Council

EMPOWERMENT • OPPORTUNITY • INCLUSION

Budget & Tax Committee
SB 638: Maryland Child Tax Credit
February 26, 2020
Position: Support

The Maryland Developmental Disabilities Council (DD Council) is an independent, public policy organization that works to improve policies, programs and services that support people with developmental disabilities and their families in our communities. The DD Council is led by people with developmental disabilities and their families. **From that perspective, the DD Council supports SB 638 because it will improve the lives of low-income Marylanders with children.**

Six States (California, Colorado, Idaho, New York, North Carolina, Oklahoma) currently offer state level child tax credits alongside the Federal credit. Maryland should join those states and support more low-income parents, especially those caring for children with disabilities.

WHY is this legislation important?

- One survey found that **more than 70% of family members providing care for people with intellectual and developmental disabilities reported that caregiving interfered with their work.** (2010 FINDS National Survey: Family and Individual Needs for Disability Support)
- Another study found that the odds of a worker losing income increase by 48% if the worker lives with a child with disabilities and special health care needs
- **Working family tax credits improve educational attainment, increase earnings, and lead to positive health outcomes.**

WHAT does this legislation do?

- Provides a tax credit of \$500 per child to taxpayers who have incomes of \$6,000 or less. If the credit is more than the taxpayer's liability, the excess may be claimed as a refund.

People with disabilities are twice as likely to face unemployment or under-employment than the general population. This bill will help people with developmental disabilities maintain independence and meaningfully participate in all aspects of community life.

Contact: Keith Walmsley, Director of Public Policy Initiatives; kwalmsley@md-council.org

SB638 MFN Testimony_FAV

Uploaded by: MacSherry, Clinton

Position: FAV



**Testimony Concerning SB 638:
"Maryland Child Tax Credit"**
Submitted to the Senate Budget & Taxation Committee
February 26, 2020

Position: Support

Maryland Family Network (MFN) supports SB 638, which would allow very low-income families to claim a credit against the State income tax for dependent children under age 6 (or children with a disability under age 17).

MFN has worked since 1945 to improve the availability, affordability and quality of child care, family support services, and early education. We have been active in state and federal debates on education and welfare reform and are strongly committed to ensuring that low- and moderate-income working families—and indeed, all families—have the supports they need to care for their children and to be economically self-sufficient.

Poverty has a devastating impact on families, and especially on young children. The children's physical health, social and emotional development, school readiness, and ultimate life outcomes face severe challenges. Deep poverty—often defined as living with income at less than half the federal poverty level, or approximately \$11,000 for a family of 3—exacerbates these challenges greatly. Even a modest increase in income for these families has been demonstrated by the National Institutes of Health (among others) to result in significantly better outcomes for individuals and for society as a whole.

The tax credit that would be established by SB 638 is narrowly targeted to families with children under 6 and with incomes of \$6000 or less. Although the target population is narrow, the individual and social benefits are arguably broader than we can calculate.

MFN urges your favorable consideration of SB 638.

CASH_FAV_SB 638

Uploaded by: McKinney, Robin

Position: FAV



SB 638- Maryland Child Tax Credit
February 26th, 2020
Senate Budget and Taxation Committee
SUPPORT

Chairmen Guzzone, Vice-Chair and members of the committee, thank you for the opportunity to provide testimony in support of Senate Bill 638. This bill will establish a Maryland Child Tax Credit (CTC). This credit will be for people who make under \$6,000 and have a child under 6 years old or 17 with a disability. **An estimated 34,000 kids in Maryland would fit this criteria.**

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

Earning under \$6,000 a year translates to less than \$500 a month. Budgeting less than \$500 a month with a child is stressful, especially when, according to the ALICE Report, a single individual needs over \$2,000 a month to live in Maryland. An extra \$500 will increase the income for that immediate month of these families by more than double. This boost will make facing obstacles easier by increasing the amount of money that is available to families.

Families that earn under \$6,000 face a wide variety of financial challenges that have negative impacts on themselves and their children. Children that live in deep poverty have a hard time succeeding in school. Their families have less resources to devote to educational programs, especially ones that are before kindergarten. This means that these children are at higher risk of falling behind their peers. Families that live in deep poverty also have decreased access to health services. Health issues experienced at a young age can have effects that will follow children throughout adulthood. Unfortunately, some families will have to delay treatment or forego necessary intervention, because they cannot afford the extra expense.

SB 638 can also improve parents' connection to the workforce, which will result in stronger families. Working can be expensive for families. Parents have to have child care, transportation, and other support to be able to participate in the workforce. By establishing a Maryland CTC, families can receive money that can be directly used to manage some of these factors. This means that these families will have a higher opportunity to increase work hours, therefore increasing that family's income for longer than the initial credit.

For these reasons, we encourage you to return a favorable report for SB 638.

SB638 Cash Campaign Testimony_FAV

Uploaded by: McKinney, Robin

Position: FAV



SB 638- Maryland Child Tax Credit
February 26th, 2020
Senate Budget and Taxation Committee
SUPPORT

Chairmen Guzzone, Vice-Chair and members of the committee, thank you for the opportunity to provide testimony in support of Senate Bill 638. This bill will establish a Maryland Child Tax Credit (CTC). This credit will be for people who make under \$6,000 and have a child under 6 years old or 17 with a disability. **An estimated 34,000 kids in Maryland would fit this criteria.**

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

Earning under \$6,000 a year translates to less than \$500 a month. Budgeting less than \$500 a month with a child is stressful, especially when, according to the ALICE Report, a single individual needs over \$2,000 a month to live in Maryland. An extra \$500 will increase the income for that immediate month of these families by more than double. This boost will make facing obstacles easier by increasing the amount of money that is available to families.

Families that earn under \$6,000 face a wide variety of financial challenges that have negative impacts on themselves and their children. Children that live in deep poverty have a hard time succeeding in school. Their families have less resources to devote to educational programs, especially ones that are before kindergarten. This means that these children are at higher risk of falling behind their peers. Families that live in deep poverty also have decreased access to health services. Health issues experienced at a young age can have effects that will follow children throughout adulthood. Unfortunately, some families will have to delay treatment or forego necessary intervention, because they cannot afford the extra expense.

SB 638 can also improve parents' connection to the workforce, which will result in stronger families. Working can be expensive for families. Parents have to have child care, transportation, and other support to be able to participate in the workforce. By establishing a Maryland CTC, families can receive money that can be directly used to manage some of these factors. This means that these families will have a higher opportunity to increase work hours, therefore increasing that family's income for longer than the initial credit.

For these reasons, we encourage you to return a favorable report for SB 638.

SB638 MSCCA Testimony_FAV

Uploaded by: Peusch, Christina

Position: FAV



**Caring For Maryland's Most
Important Natural Resource^T...**

Maryland State Child Care Association

Christina Peusch
Executive Director
2810 Carrollton Road
Annapolis, MD. 21403
Phone: (410)-820-9196
Email: info@mscca.org
Website: mscca.org

The Maryland State Child Care Association (MSCCA) is a non-profit, statewide, professional association incorporated in 1984 to promote the growth and development of child care and learning centers in Maryland. MSCCA has over 4500 members and our members provide care and education for Maryland children and support working families. We believe children are our most important natural resources and work hard to advocate for children, families and for professionalism within the early childhood community.

Testimony Concerning SB 638: Maryland Child Tax Credit Submitted to Senate Budget and Taxation

February 26, 2020

Position: Support

MSCCA fully and enthusiastically supports SB 638 and applauds the efforts of Senator King in sponsoring this legislation to take steps in the right direction to expand the Child Tax Credit in order to address obstacles for families, especially the critical child care issues of Maryland's neediest families. As one of the wealthiest states in the country, we should do more to ensure tax policies are designed to meet families' needs.

MSCCA is committed to advocating for Maryland families. MSCCA believes that the most equitable and efficient way to expand access to quality child care in the state of Maryland is through direct family investments. These Investments include scholarships, subsidies, and refundable tax credits. These public supports will help to address affordability and availability issues for Maryland's families. We know that access to quality, affordable child care leads to better outcomes for Maryland's youngest citizens.

The Child Tax Credit is critical for all families and especially low-income families because without it, they would not receive tax benefits to offset the costs of raising children.

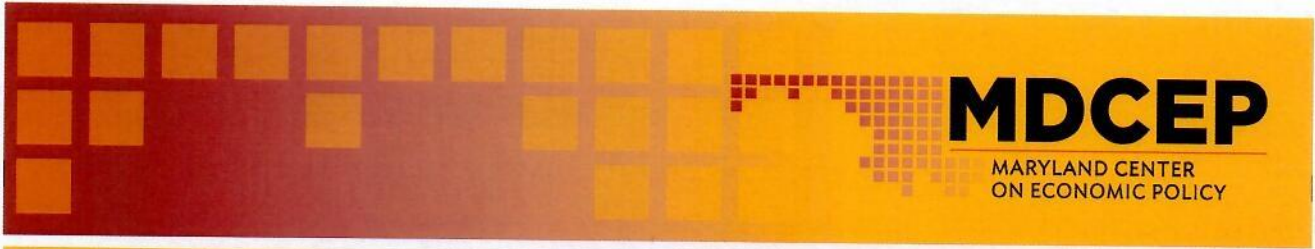
MSCCA hopes champions like Senator King will keep working to expand the Child Care Tax Credit as it helps lift families out of poverty and helps provide more opportunities for children.

MSCCA urges a favorable committee report.

SB638 MDCEP Testimony_FAV

Uploaded by: Schumitz, Kali

Position: FAV



FEBRUARY 26, 2020

A State Child Tax Credit Would Make a Big Difference for Thousands of Kids across Maryland

Position statement in support of Senate Bill 638

Given before the Senate Budget and Taxation Committee

Every child deserves to grow up in a safe home free of the daily stress that comes with economic insecurity. The federal Child Tax Credit advances this goal by providing an income boost to 300,000 low-income Maryland families with children, but it currently provides only minimal benefits to many families, and locks some out entirely.ⁱ The Maryland Center on Economic Policy supports Senate Bill 638 because it would extend a much-needed income boost to 34,000 or more Maryland children who are locked out of the federal credit.

The federal Child Tax Credit provides families an income boost of up to \$2,000 per child at tax time. The credit benefits households in a wide range of income levels, with the majority taking home between \$10,000 and \$75,000 each year. About 300,000 Maryland households claimed the low-income (refundable) portion of the credit in 2016. Research shows that this income boost can bring lifetime benefits—improving children’s health, helping them succeed in school, and ultimately enabling many to get better jobs in adulthood.ⁱⁱ Yet for many children who would gain the most from increased family income, the credit currently provides only small benefits or leaves them out entirely:

- Families whose income is less than \$2,500 per year are not eligible to claim the credit at all.
- Families with slightly higher incomes—up to about \$25,000 for a single parent with one child, or higher for larger families—can claim a partial credit, but are not eligible for the full \$2,000 per child.
- The Trump administration’s signature federal tax overhaul expanded the maximum value of the credit from \$1,000 to \$2,000 per child, but capped the refundable portion that is most helpful to low-income families at a lower amount. This choice shut struggling families out of the biggest benefits, even as the law handed a windfall to large corporations and wealthy individuals.
- Worse yet, the 2017 tax law for the first time required children to have a social security number to be eligible for the full credit, taking much-needed benefits away from about 1 million children nationwide who were born outside the United States.

Senate Bill 638 would guarantee low-income families with young children or children with disabilities a benefit of \$500 per child. Unlike the federal credit, Senate Bill 638 does not lock out children in families with the lowest incomes or children without a social security number. Altogether, it would put \$17 million into the hands of thousands of families each year, benefiting 34,000 or more Maryland children.ⁱⁱⁱ This modest income boost could mean better access to nutritious food or enriching reading materials, or could even help keep the electricity or heat on.

We owe it to Maryland children to guarantee a basic living standard and a foundation for success at school and in the workforce. Senate Bill 638 would represent an important step in that direction, correct shortcomings in the federal child tax credit, and bring meaningful benefits to tens of thousands of Maryland children.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Budget and Taxation Committee make a favorable report on Senate Bill 638.

Equity Impact Analysis: Senate Bill 638

Bill summary

Senate Bill 638 would create a state counterpart to the federal child tax credit. Tax filers would be eligible to claim the credit if they have a qualifying child under age six or an older child who has a disability, and have federal adjusted gross income under \$6,000. The credit would guarantee that eligible filers receive a combined state and federal child tax credit of \$500. Unlike the federal credit, the state credit would not exclude child in families with very low incomes or children who do not have a social security number.

Background

The federal Child Tax Credit provides families a credit of up to \$2,000 per child. In 2016, about 300,000 Maryland households claimed the refundable portion of the credit, which is capped at \$1,400 per child. Families with annual income less than \$2,500 are not eligible to claim the federal credit, and families with income below about \$25,000 can claim only a partial credit. Research shows that increased family income in early childhood can bring lifetime health, educational, and workforce benefits.^{iv}

The 2017 federal tax overhaul expanded the maximum value of the credit from \$1,000 to \$2,000 per child, but capped the refundable portion that is most helpful to low-income families at \$1,400, meaning that millions of children nationwide saw only minimal gains. The law also for the first time required children to have a social security number to be eligible for the full credit, taking away existing benefits from about 1 million children nationwide.

Equity Implications

While there are not sufficient data to estimate the characteristics of people who would benefit from Senate Bill 638, data from the current federal child tax credit as well as legislation to improve the credit suggest that the bill would likely bring the largest benefits to women and people of color:

- The Working Families Tax Relief Act is a bill that would expand and improve the federal earned income tax credit and child tax credit, including reforms similar to those in Senate Bill 638. Among Maryland households expected to benefit from this bill, 57 percent are households of color; 40% are Black households; 11 percent are Latinx households; and 8 percent are Asian, American Indian/Alaska Native, or belonging to another racial group.^v
- As of tax year 2012, 65 percent of Maryland parents benefiting from the federal earned income tax credit or child tax credit were women.^{vi}
- Because Senate Bill 638 increases benefits for families with the lowest incomes—who, because of historical and ongoing policies, are disproportionately made up of women and people of color—the bill would likely have even greater benefits for these groups than the current child tax credit.

- The bill departs from the 2017 tax law and the general Trump administration approach of intentionally harming people born outside the United States. Instead, Senate Bill 638 offers the credit to immigrant and United States-born children equally.

Impact

Senate Bill 638 would likely **improve racial, gender, and economic equity** in Maryland.

i "The Child Tax Credit: A Tool for Fighting Child Poverty in Maryland," Center on Budget and Policy Priorities, 2019, https://www.cbpp-multimedia.org/1-25-19tax/1-25-19tax_actc_maryland_statewide.pdf

ii Chuck Marr, Chye-Ching Huang, Arloc Sherman, and Brandon Debot, "EITC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children's Development, Research Finds," Center on Budget and Policy Priorities, 2015, <https://www.cbpp.org/research/federal-tax/eitc-and-child-tax-credit-promote-work-reduce-poverty-and-support-childrens>

iii Total benefits from Senate Bill 638 Fiscal and Policy Note. At a maximum benefit of \$500 per child, this cost implies that at least 34,000 children would receive the credit.

iv Marr et al., 2015.

v Chuck Marr, Brendan Duke, Yixuan Huang, Jennifer Beltrán, Vincent Palacios, and Arloc Sherman, "Working Families Tax Relief Act Would Raise Incomes of 46 Million Households, Reduce Child Poverty," Center on Budget and Policy Priorities, 2019, <https://www.cbpp.org/research/federal-tax/working-families-tax-relief-act-would-raise-incomes-of-46-million-households>

vi "Fact Sheet: 21 Million Mothers Benefit from Tax Credits for Lower-Income Working Families," Center on Budget and Policy Priorities, 2015, <https://www.cbpp.org/research/federal-tax/fact-sheet-21-million-mothers-benefit-from-tax-credits-for-lower-income-working>
 "Fact Sheet: 21 Million Fathers Benefit from Tax Credits for Lower-Income Working Families," Center on Budget and Policy Priorities, 2015, <https://www.cbpp.org/research/federal-tax/fact-sheet-13-million-fathers-benefit-from-tax-credits-for-lower-income-working>

SB638 MD Child Tax Credit sponsor testimony_FAV

Uploaded by: Senator King, Senator King

Position: FAV

NANCY J. KING
Legislative District 39
Montgomery County

MAJORITY LEADER



James Senate Office Building
11 Bladen Street, Room 121
Annapolis, Maryland 21401
301-858-3686 · 410-841-3686
800-492-7122 Ext. 3686
Fax 301-858-3670 · 410-841-3670
Nancy.King@senate.state.md.us

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

SPONSOR STATEMENT

Senate Bill 638 – Maryland Child Tax Credit

February 26, 2020

Mister Chairman and Members of the Budget and Taxation Committee:

The 2017 federal tax reforms made significant changes to the Child Tax Credit program. These changes negatively impacted low income families and in particular, the lowest income families – those making less than \$2500 per year – were excluded from the program.

Senate Bill 638 would create a Child Tax Credit to benefit those families that are excluded from the federal Child Tax Credit along with those families who are living well below the federal poverty level. A taxpayer with one or more dependent children that are age 0-5 or age 0-16 with a physical, intellectual, developmental, or emotional disability would qualify for the tax credit. This include immigrants who are taxpayers.

Thirteen percent of Maryland children age 0-5 are living below the federal poverty line. We know that children who grow up in poverty experience lifelong disadvantages. Even a small boost in family income can help negate the negative impacts of poverty on children including low birthweight, impaired physical health and developmental delays. Senate Bill 638 creates a refundable \$500 credit for each qualified child when the taxpayer's federal adjusted gross income is \$6,000 or less per year. While \$500 doesn't seem like much, that amount can make a huge difference to a family whose monthly income is \$500 or less.

As we work to help Maryland families, this legislation will be one more tool to assist our most vulnerable families and so I respectfully request a favorable report on Senate Bill 638.

Maryland Catholic Conference_FAV_SB638

Uploaded by: Wallerstedt, Anne

Position: FAV



ARCHDIOCESE OF BALTIMORE † ARCHDIOCESE OF WASHINGTON † DIOCESE OF WILMINGTON

February 26, 2020

**SB 638
Maryland Child Tax Credit**

Senate Budget and Taxation Committee

Position: Support

The Maryland Catholic Conference (“Conference”) represents the public policy interests of the three Roman Catholic (arch)dioceses serving Maryland: the Archdiocese of Baltimore, the Archdiocese of Washington, and the Diocese of Wilmington.

Senate Bill 638 creates a refundable tax credit against the State income tax for up to \$500 per child who is either under six generally or under seventeen with a disability for those who have a federal adjusted gross income of \$6,000 or less annually.

The Church has long supported legislation such as Child Tax Credits that provides dignity for workers and their families and bills that aim to “expand assistance to parents with children, and improve family formation and stability.” (United States Conference of Catholic Bishops *Letter to Congress on Child Tax Credit*, 3/16/2016) The *Compendium of the Social Doctrine of the Church* further clarifies that all persons deserve “a wage sufficient to maintain a family and allow it to live decently... There can be several different ways to make a family wage a concrete reality. Various forms of important social provisions help to bring it about, for example, family subsidies and other contributions for dependent family members...” Establishing a Child Tax Credit in Maryland is one significant and tangible way to achieve this family stability for low-income families throughout the state.

Child Tax Credits have been proven as effective anti-poverty tools, aiming to eliminate the need for families to make the impossible and unnecessary choice between financial stability and family stability. Although a \$6,000 income cap is a seemingly low limit, those who are eligible to claim the credit will notice immediate and substantial financial relief. Providing this relief to those who may be the fiscally poorest among us is a noble and notable place to start. The Conference strongly and enthusiastically supports legislation that addresses this need, such as the creation of Child Tax Credits and the expansion of the Earned Income Tax Credit, and looks forward to continuing to do so as an extremely effective and proven tool in combatting poverty.

The Conference appreciates your consideration and, for these reasons, respectfully requests a favorable report on Senate Bill 638.