

Berkowitz_FAV_SB 717

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LEAD  | LEGISLATIVE EDUCATION & ACTION DELIVERS

February 20, 2020

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Testimony in SUPPORT of Senate Bill 717

“Earned Income Tax Credit – Individuals Without Qualifying Children - Eligibility”

TO: Senator Guzzone, Chair, Senator Rosapepe, Vice Chair, and other members of the Budget and Taxation Committee

FROM: Allison Berkowitz, Legislative Director of LEAD (Legislative Education & Action Delivers)

As a social worker, I see people in their most desperate moments, and also get to see them rise to the occasion under the right circumstances. In a world and time like ours, when not everyone starts off on the same footing, it is the right and just thing to do, to help others. I’m writing today to testify in support of Senate Bill 717. About one in ten Marylanders live in poverty, and by expanding the EITC (Earned Income Tax Credit), we can give individuals a little lift to help get them on even footing.

Currently, young workers either can’t receive a credit or receive a very small amount. This expansion could make a big difference in a lot of Marylanders’ homes and equate to real, meaningful action, like keeping the lights on or food on the table. Additionally, studies show that the money brought into these people’s homes by receiving the credit would stay in the local economy, so by increasing this credit, we’re also helping local economies. It is with all this in mind that **I fervently support SB 717, and urge each of you to give it a favorable report.** Thank you.

MANO_FAV_SB 717

Uploaded by: Bogdan, Henry

Position: FAV

February 26, 2020

Testimony on SB 717 – Support
Earned Income Tax Credit – Individuals Without Qualifying Children - Eligibility
Budget and Taxation Committee

Position: Favorable

Maryland Nonprofits urges you to support Senate Bill 717.

The Earned Income Tax Credit (EITC) is the largest and most effective anti-poverty tool for Maryland residents, helping more than 400,000 Marylanders make ends meet and putting millions of dollars into local communities. Unfortunately, the EITC still leaves behind many low-income workers who don't claim dependents on their taxes. Legislation under consideration this year would make our EITC as effective for these workers as it is for those raising children.

Right now, someone working full time at Maryland's minimum wage earns too much to qualify for the EITC, unless they are claiming dependent children on their taxes – even though they still don't earn enough to afford housing, food, and other basics.

Senate Bill 717 would increase the maximum income for a single filer to receive the EITC to \$23,540, or about \$11 per hour for someone working full-time.

We urge you to give Senate Bill 717 a **Favorable Report**

MDDCAFLCIO_FAV_SB717

Uploaded by: Edwards, Donna

Position: FAV



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**SB 717 – Earned Income Tax Credit – Individuals without Qualifying Children – Eligibility
Senate Budget and Taxation Committee
February 26, 2020**

SUPPORT

**Donna S. Edwards
President
Maryland State and DC AFL-CIO**

Chairman and members of the Committee, thank you for the opportunity to submit testimony in support of SB 717 – Earned Income Tax Credit – Individuals without Qualifying Children – Eligibility and Refundability. My name is Donna S. Edwards and I am the President of the Maryland State and District of Columbia AFL-CIO. On behalf of the 340,000 union members, I offer the following comments.

Maryland took an important first two years ago, joining several other states in eliminating the minimum age requirement for the Earned Income Tax Credit (EITC). Unfortunately, far too many low-income, single filing tax payers are still ineligible to receive the EITC. Maryland tax policy should not keep low-income workers in poverty.

SB 717 raises the income threshold for the EITC, allowing more low-income workers to take advantage of the credit, providing more relief, and allowing more breathing room for working families, trying to make ends meet.

In 2018, the EITC lifted approximately 5.6 million people out of poverty, including about 3 million children¹. The number of poor children would have been more than one-quarter higher without the EITC. The credit reduced the severity of poverty for another 16.5 million people, including 6.1 million children. The EITC is the most effective poverty fighting tool that we have, and it is time to expand it, in order to provide more opportunities for working Marylanders.

For these reasons, we urge a favorable report on SB 717.

¹ <https://www.cbpp.org/research/federal-tax/policy-basics-the-earned-income-tax-credit>

CAB_FAV_SB 717

Uploaded by: Irwin, Laura

Position: FAV



Testimony in Support of SB717
Earned Income Tax Credit - Individuals Without Qualifying Children – Eligibility
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 SB717, which will increase the maximum income eligibility for the Earned Income Tax Credit (EITC) to \$23,540 for single adults without dependents. As the governing body for the Montgomery County Community Action Agency, the county's designated antipoverty entity, and as advocates for the low-income community, our Board recognizes the positive impact that the EITC has in helping people move towards self-sufficiency. As this is a historic advocacy issue for our board, we were thrilled in 2018 when the state expanded the EITC to younger workers without dependents. Our Board believes that the EITC can do more though and more taxpayers should be able to take advantage of this credit, helping them put money into savings, pay off debts, and pay bills for necessities.

We know from the Community Action Agency's Volunteer Income Tax Assistance (VITA) Program, which served 2,200 households last year with free tax services, that the EITC can make a substantial difference in a person's life. Research shows that the EITC is a powerful anti-poverty tool that not only helps lower income working adults move towards self-sufficiency, but also improves the local economy. Recipients have more income to spend locally on necessities such as food and transportation. The CASH Campaign of Maryland notes that for every \$1 the state invests in the EITC, \$1.24 comes back to the economy.¹

In Montgomery County, where the cost of living is so high, the EITC can play an especially important role. The Self-Sufficiency Standard, which measures the actual cost of living in a specific geographic location, is \$37,807 for a single adult.² This level of income is simply unattainable for a person earning even the current maximum County minimum wage of \$13/hour for large employers - \$27,456 annually. The EITC can help individuals fill this gap by providing critical financial support. Furthermore, Montgomery County's local EITC, the Working Families Income Supplement, matches the state EITC. Expanding eligibility will therefore have a double impact on single adults in Montgomery County, the state's most populous county.

We ask that you pass this bill and continue to support policies that will help low-income Marylanders become self-sufficient.

¹ <http://cashmd.org/>

² <http://selfsufficiencystandard.org/maryland>

MAP_FAV_SB 717

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

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TESTIMONY IN SUPPORT OF SB 717

Earned Income Tax Credit - Individuals Without Qualifying Children -
Eligibility

Senate Budget and Taxation Committee

February 26, 2020

Submitted by Stacey Jefferson and Margo Quinlan, Co-Chairs

Marylanders Against Poverty (MAP) supports SB 717, which expands Maryland's Earned Income Tax Credit (EITC) income eligibility threshold to \$23,540 for single filers without dependents.

The Earned Income Tax Credit is a critical anti-poverty tool. The EITC helps low-wage workers in Maryland by reducing their tax burden, creating additional economic security for themselves, and strengthening low income workers connections to the workforce. The EITC helps people make ends meet and continue working despite low wages. Reliable transportation promotes job retention. EITC refunds are used for the costly maintenance of having access to a private vehicle, which in many parts of the state is necessary for commuting. Refunds are used for car insurance payments, car maintenance, car payments, gas, and vehicle registration fees. Expanding access to the EITC will help remove some barriers that low income workers face.

The current structure of Maryland's EITC benefits families, but is not accessible for many single filers not claiming dependents. Single filers not claiming dependents are a diverse group of individuals. They can be youth aging out foster care, young veterans, people transitioning out of homelessness, noncustodial parents, single men struggling to remain engaged in the workforce, and simply single people that are struggling to provide for themselves. These single filers are getting taxed into poverty. SB 717 addresses this issue by increasing the income threshold for eligibility to \$23,540 for single filers.

SB 717 would generate a refund for individuals working and living in poverty, bolstering the local economy. Currently, a full-time minimum wage worker without dependents earns "too much" to claim ANY state EITC. Under SB 717, the same worker could qualify for the EITC, which would not only offset their tax burden, but could help them receive a possible tax refund. Studies show that this refund is likely to be spent in the local economy to purchase necessities, pay off bills, and contribute to savings.

MAP appreciates your consideration and urges a favorable report for support SB 717

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.

CASH_FAV_SB 717

Uploaded by: McKinney, Robin

Position: FAV

SB 717 -Earned Income Tax Credit - Individuals Without Qualifying Children - Eligibility
Senate Budget and Taxation Committee
February 26th, 2020
SUPPORT

Chairman Guzzone, Vice-Chair and members of the committee, thank you for the opportunity to testify today in support of Senate Bill 717. SB 717 expands access to the Earned Income Tax Credit (EITC) by increasing the maximum income requirement.

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.

Maryland is one of the 28 states that values their hard working, low income citizens by offering a state version of the EITC. This credit is one of the most powerful anti poverty tools utilized by federal, state, and local governments. Unfortunately, the credit is currently targeted almost entirely at those with dependent children. Right now, many young workers are not eligible to receive the EITC or receive a very small credit, which means they are taxed further into poverty.¹ This year, we have the opportunity to make work pay for more low income workers in Maryland.

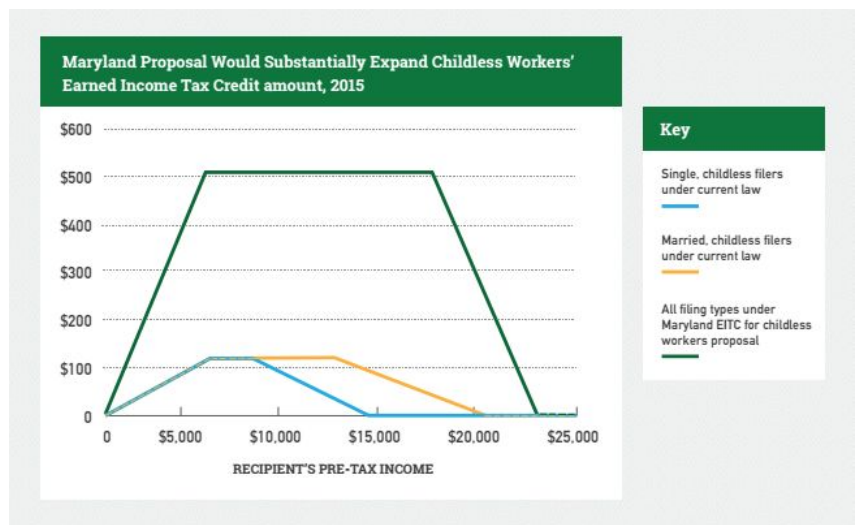
The proposed adjustments **increases the maximum income for the state EITC to \$23,540 for single filers.**

SB 717 is an opportunity to help low income single filers that do not claim dependents lessen the amount of taxes owed. This is crucial, because these

individuals are being taxed further into poverty. Currently, a full-time, minimum wage worker in Maryland makes \$22,880 a year. If this individual does not claim dependents they owe \$1,087 in federal taxes and \$1,333 in state taxes. Low income workers, even when working 40 hours a week, are left in vulnerable positions; therefore, they are more likely to experience financial hardship.

By increasing access to the EITC for single filers, Maryland has the opportunity to invest in Marylanders who need it most. The passage of SB 717, along with its companion bill SB 719, would reduce taxes for a large majority of low income workers, putting them on a path to long-term financial stability.

We urge a favorable report on SB 717 in order to encourage work and reduce poverty in the state of Maryland.



¹ <http://www.cbpp.org/research/lone-group-taxed-into-poverty-should-receive-a-larger-eitc>

MD Center on Economic Policy_FAV_SB717

Uploaded by: Schumitz, Kali

Position: FAV



FEBRUARY 26, 2020

Expanding the Earned Income Tax Credit Will Benefit Maryland Workers and the Economy

Position Statement Supporting Senate Bill 717

Given before the Senate Budget and Taxation Committee

The Earned Income Tax Credit (EITC) is a commonsense tax break that helps people who work but struggle to get by due to low wages and also boosts the economy. However, Maryland's credit isn't as effective as it could be because the income cap for workers not raising children is too low. A slight increase in the maximum income to qualify for the EITC would create greater economic stability for low-wage workers now left out of this effective anti-poverty tool. For these reasons, the Maryland Center on Economic Policy supports Senate Bill 717.

Research continues to show that the EITC is one of the most effective anti-poverty tools we have. Maryland's current EITC offers an essential hand up for thousands of working families but it is not as effective for thousands of other low-wage workers. For workers who don't have children and those who don't claim their child as a dependent on their taxes, once they earn just over \$15,500 per year, they are no longer eligible for the credit. That means someone working full time at Maryland's current minimum wage and not claiming dependents on their taxes would earn too much to qualify for the EITC, even though they are still earning too little to support themselves. In fact, many people who work for very low wages go deeper into poverty because they don't qualify for a meaningful tax break¹.

Senate Bill 717 would help change that for more than 134,000 Marylanders who are now struggling to get by on low wages. The bill would increase the maximum income for the state EITC to \$23,540 for single filers.

Expanding the tax credit also benefits Maryland businesses. Because EITC recipients have very low incomes, they are most likely to spend their tax refunds on basic necessities at businesses in their community. Every dollar invested in the EITC generates \$1.23 of economic activity, according to one estimate.²

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Budget and Taxation Committee make a favorable report on Senate Bill 717.

Equity Impact Analysis: Senate Bill 717

Bill summary

SB 717 increases access to the Maryland Earned Income Tax Credit for workers who don't have children and non-custodial parents who aren't claiming dependents on their taxes. Currently, the credit is capped at adjusted gross income of \$15,570 for people without children. SB 717 would increase the cap to adjusted gross income of \$23,540, about 200% of the federal poverty level.

Background

The maximum income limits for receiving the EITC are significantly higher for families with children – between \$40,000 and \$50,000, depending on the number of children. SB 717 would bring the income limit for workers without children more in line with the limit for those raising children.

In 2018 the legislature removed the minimum age for receiving the EITC, allowing thousands of young low-income workers to qualify for the state EITC for the first time. Prior to 2018 the minimum age was 25.

Equity Implications

- Expanding the EITC would make our tax system more equitable. The lowest-income Marylanders now pay about 9.8 percent of their income in state and local taxes – a greater share of their income than the wealthiest 1 percent of Marylanders (those earning more than \$534,800 per year).³
- Especially if combined with House Bill 680, Senate Bill 717 would take a meaningful step towards correcting this imbalance.
- Due to various structural barriers to opportunity, Black and Latinx workers are far more likely than white workers to earn poverty-level wages and are therefore more likely to qualify for the EITC. While state and federal EITCs serve a larger number of white households than households in any other racial or ethnic group, they serve a larger proportion of people of color.
- EITCs also have a disproportionate impact in reducing poverty rates among households of color⁴.

Impact

Senate Bill 717 would likely **improve racial and economic equity** in Maryland.

¹ Chuck Marr and Chy-Ching Huang, “Strengthening the EITC for Childless Workers Would Promote Work and Reduce Poverty.” Center on Budget and Policy Priorities. Feb. 20, 2015. <http://www.cbpp.org/research/strengthening-the-eitc-for-childless-workers-would-promote-work-and-reduce-poverty>

² Mark Zandi, “An Analysis of the Obama Jobs Plan.” Moody’s Analytics, Sept. 9, 2011. <https://www.economy.com/dismal/analysis/free/224641>

³ Institute on Taxation and Economic Policy, “Who Pays? 6th Edition, State-by-state data,” Oct. 17, 2018, <https://itep.org/whopays-map/>

⁴ Michael Leachman et. al. “Advancing Racial Equity With State Tax Policy,” Center on Budget and Policy Priorities, Nov. 15, 2018. <https://www.cbpp.org/research/state-budget-and-tax/advancing-racial-equity-with-state-tax-policy>

Estimated Combined District Level Impacts of House Bills 679 and 680

District	Current Law		Post-Expansion		
	EITC Returns No Children	Total MD EITC No Children	EITC Returns No Children	Total MD EITC No Children	
				Post-Expansion	Change
MD 01A	1,300	\$114,000	2,500	\$679,000	\$565,000
MD 01B	1,300	\$113,000	2,500	\$669,000	\$557,000
MD 01C	1,300	\$113,000	2,400	\$672,000	\$559,000
MD 02A	2,500	\$223,000	4,700	\$1.3 million	\$1.1 million
MD 02B	1,400	\$126,000	2,700	\$746,000	\$620,000
MD 03A	2,100	\$188,000	4,000	\$1.1 million	\$927,000
MD 03B	800	\$70,000	1,500	\$415,000	\$345,000
MD 04	2,400	\$209,000	4,500	\$1.2 million	\$1.0 million
MD 05	2,600	\$231,000	5,100	\$1.4 million	\$1.1 million
MD 06	4,100	\$378,000	7,800	\$2.2 million	\$1.9 million
MD 07	2,600	\$237,000	4,900	\$1.4 million	\$1.2 million
MD 08	3,500	\$321,000	6,600	\$1.9 million	\$1.6 million
MD 09A	1,200	\$106,000	2,300	\$629,000	\$523,000
MD 09B	700	\$61,000	1,300	\$363,000	\$302,000
MD 10	3,300	\$307,000	6,400	\$1.8 million	\$1.5 million
MD 11	2,500	\$225,000	4,700	\$1.3 million	\$1.1 million
MD 12	3,000	\$273,000	5,800	\$1.6 million	\$1.3 million
MD 13	2,600	\$236,000	5,000	\$1.4 million	\$1.2 million
MD 14	2,900	\$279,000	5,600	\$1.7 million	\$1.4 million
MD 15	2,300	\$209,000	4,300	\$1.2 million	\$1.0 million
MD 16	1,500	\$140,000	2,800	\$830,000	\$690,000
MD 17	3,200	\$293,000	6,100	\$1.7 million	\$1.4 million
MD 18	3,000	\$279,000	5,700	\$1.7 million	\$1.4 million
MD 19	3,700	\$353,000	7,100	\$2.1 million	\$1.7 million
MD 20	4,400	\$418,000	8,400	\$2.5 million	\$2.1 million
MD 21	3,300	\$308,000	6,300	\$1.8 million	\$1.5 million
MD 22	4,200	\$381,000	8,000	\$2.3 million	\$1.9 million
MD 23A	1,000	\$90,000	1,900	\$532,000	\$442,000
MD 23B	1,600	\$142,000	3,000	\$846,000	\$704,000
MD 24	3,300	\$296,000	6,300	\$1.8 million	\$1.5 million
MD 25	3,000	\$266,000	5,700	\$1.6 million	\$1.3 million
MD 26	3,100	\$286,000	6,000	\$1.7 million	\$1.4 million
MD 27A	900	\$76,000	1,700	\$454,000	\$378,000
MD 27B	700	\$62,000	1,400	\$370,000	\$308,000
MD 27C	900	\$78,000	1,700	\$464,000	\$386,000
MD 28	2,700	\$242,000	5,100	\$1.4 million	\$1.2 million
MD 29A	700	\$58,000	1,200	\$346,000	\$288,000
MD 29B	800	\$76,000	1,600	\$451,000	\$375,000

MD 29C	700	\$66,000	1,400	\$394,000	\$328,000
MD 30A	1,700	\$154,000	3,200	\$913,000	\$759,000
MD 30B	700	\$64,000	1,400	\$382,000	\$317,000
MD 31A	1,300	\$121,000	2,500	\$719,000	\$598,000
MD 31B	1,800	\$164,000	3,500	\$973,000	\$809,000
MD 32	3,100	\$280,000	5,900	\$1.7 million	\$1.4 million
MD 33	2,000	\$177,000	3,800	\$1.1 million	\$877,000
MD 34A	2,100	\$183,000	4,000	\$1.1 million	\$904,000
MD 34B	800	\$65,000	1,500	\$389,000	\$323,000
MD 35A	1,000	\$88,000	1,800	\$523,000	\$435,000
MD 35B	1,700	\$145,000	3,200	\$861,000	\$716,000
MD 36	2,700	\$244,000	5,300	\$1.4 million	\$1.2 million
MD 37A	1,500	\$137,000	2,900	\$816,000	\$679,000
MD 37B	2,400	\$222,000	4,600	\$1.3 million	\$1.1 million
MD 38A	1,400	\$126,000	2,700	\$749,000	\$623,000
MD 38B	1,700	\$150,000	3,300	\$890,000	\$740,000
MD 38C	1,400	\$118,000	2,600	\$701,000	\$583,000
MD 39	3,500	\$321,000	6,700	\$1.9 million	\$1.6 million
MD 40	4,200	\$381,000	8,100	\$2.3 million	\$1.9 million
MD 41	3,300	\$300,000	6,400	\$1.8 million	\$1.5 million
MD 42A	900	\$80,000	1,700	\$475,000	\$395,000
MD 42B	1,600	\$146,000	3,100	\$867,000	\$721,000
MD 43	3,700	\$322,000	7,000	\$1.9 million	\$1.6 million
MD 44A	1,400	\$127,000	2,700	\$757,000	\$629,000
MD 44B	2,200	\$203,000	4,200	\$1.2 million	\$1.0 million
MD 45	4,100	\$364,000	7,800	\$2.2 million	\$1.8 million
MD 46	3,700	\$337,000	7,100	\$2.0 million	\$1.7 million
MD 47A	2,900	\$264,000	5,500	\$1.6 million	\$1.3 million
MD 47B	1,400	\$126,000	2,600	\$746,000	\$620,000
Statewide	147,000	\$13.3 million	281,300	\$79.2 million	\$65.9 million

Maryland Catholic Conference_FAV_SB717

Uploaded by: Wallerstedt, Anne

Position: FAV



ARCHDIOCESE OF BALTIMORE † ARCHDIOCESE OF WASHINGTON † DIOCESE OF WILMINGTON

February 26, 2020

SB 717

Earned Income Tax Credit – Individuals Without Qualifying Children – Eligibility

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 717 increases the maximum income limit to be able to claim the state EITC to \$23,540 for single filers, which is slightly less than two hundred percent of the federal poverty line for a single adult.

The EITC is the most successful anti-poverty tool the state has. It has been proven to have a direct and immediate effect on hardworking individuals who simply cannot make ends meet. It provides a meaningful boost to low-income workers and families, enabling them to make necessary purchases and take care of basic needs. It also provides a pathway to financial stability; with more money coming back to the taxpayer, it can go into a myriad of different places to assist in being lifted out of poverty, including savings accounts and educational expenses. While the EITC does provide a direct and measurable benefit to individual Marylanders, it is also a boost to local economies, since every \$1 that is invested in the EITC generates \$1.24 for the economy.

The Conference appreciates your consideration and, for these reasons, respectfully requests a favorable report on Senate Bill 717.