



TESTIMONY IN SUPPORT OF HB 234

Unemployment Insurance – Notice of Earned Income Tax Credits for
Unemployment Insurance Claimants
House Economic Matters Committee
February 8, 2022

Submitted by Julia Gross and Kali Schumitz, Co-Chairs

Member Agencies:

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Welfare Advocates

Marylanders Against Poverty

Julia Gross, Co-Chair

P: 410-528-0021 ext 6029

E: jgross@mdhungersolutions.org

Kali Schumitz, Co-Chair

P: 410-412- 9105 ext 701

E: kschumitz@mdeconomy.org

Marylanders Against Poverty (MAP) strongly supports HB 234, which will require the Maryland Department of Labor (DOL) to include on each IRS Form 1099-G issued information about the federal and state Earned Income Tax Credit (EITC) in English and Spanish.

The Earned Income Tax Credit (EITC) 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. EITC refunds are used to cover bills or afford things that could be difficult to afford at any other time. For example, people can use the credit to address health concerns. They can catch up on medical bills, make a health insurance payment, or cover the cost of a doctor appointment or medication.

Every year around 20% of eligible taxpayers are not claiming the EITC. This is leaving many low-income workers without additional support they are eligible for. It is critical for Marylanders to receive all additional aid that they are eligible for during this time. COVID-19 has had negative effects on the economy and caused financial harm to low-income families. It is essential for all eligible low-income families to be notified about the EITC and receive the EITC. This will increase Maryland's EITC participation rate, and provide a necessary boost for low-income families.

HB 234 addresses this issue by requiring the DOL to send EITC information along with each 1099-G form. The DOL issues individuals receiving unemployment (UI) benefits a 1099-G tax form, so they can report any compensation received through UI. The individuals receiving the form most likely have earned income from that same tax year and are eligible to receive state and federal EITC. Outreach efforts are best when combined with other essential services. ITIN filers are newly eligible for Maryland's EITC. This means that information about the credit should be in English and Spanish. This way Spanish speaking communities will be informed about the credit and know how to receive it.

MAP appreciates your consideration and urges the committee to issue a favorable report for HB 234.

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.