



HB 634 - Income Tax - Income Tax Reconciliation Program - Established (Maryland Fair Taxation for Justice-Involved Individuals Act)
Senate Budget and Taxation Committee
March 27, 2025
SUPPORT

Chair Guzzone, Vice-Chair and members of the committee, thank you for the opportunity to submit testimony in support of House Bill 634. This bill establishes the Income Tax Reconciliation Program to address the unique challenges justice-involved individuals face in meeting their tax obligations.

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.**

Justice-involved individuals often return to society facing considerable barriers to economic recovery. Many struggle to secure housing, employment, and financial stability, compounded by unresolved tax debts accrued during incarceration. By enabling installment payment plans and waiving interest and penalties for unpaid income taxes, House Bill 634 ensures these individuals are given a fair opportunity to resolve their tax obligations without undue financial hardship.

This legislation aligns with Maryland's commitment to fostering equity and economic opportunity. The proposed program recognizes that justice-involved individuals are disproportionately low-income and often lack the resources to navigate complex tax requirements. By waiving penalties and interest, the program removes a significant barrier to financial recovery, empowering participants to rebuild their lives and contribute to the state economy. These measures not only promote compliance but also increase the likelihood of recovering outstanding tax revenue in a manner that does not exacerbate economic disparities.

House Bill 634 represents a critical step toward creating a tax system that works for all Marylanders, including those seeking a second chance. By supporting this legislation, Maryland can lead by example in advancing policies that promote equity, economic stability, and social justice.

Thus, we encourage you to return a favorable report for HB 634.

Creating Assets, Savings and Hope