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THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

**Testimony in Support of HB 735  
Earned Income Tax Credit – Implementation Delay, Outreach Study, and VITA  
Expansion**

HB 735 postpones the implementation of the Earned Income Tax Credit Assistance Program. The program was established by legislation I sponsored in 2022 ([HB 252](#)) and aims to increase the number of low-income residents claiming Maryland's Earned Income Tax Credit (EITC). That law directed the Comptroller Office's to identify eligible Marylanders who did not claim the EITC and provide a streamlined mechanism to help them do so.

The Comptroller's Office implementation plan for the program relied on the federal Direct File program, which provided taxpayers an easy and free way to file their federal and state income tax returns. The program would have also allowed the IRS to share verified income and filing data with state tax agencies (with taxpayer consent). Unfortunately, the Direct File program was eliminated by the Trump Administration.

The discontinuation of federal Direct File has left Maryland without the tools needed to operationalize the EITC Assistance Program. The Maryland Tax Connect system, expected to launch in the summer of 2026, may offer opportunities to fill this data gap in the future should federal data sharing also become available again.

Given these implementation challenges, the Comptroller's Office has requested a delay in implementation of the program's requirements until 2030. In the meantime, the bill directs the Comptroller's Office to continue exploring opportunities for enhanced EITC outreach. The study directed in the bill would evaluate the efficacy of existing EITC awareness and outreach campaigns. The study would also review best practices from other states, explore opportunities to further simplify EITC claims, and to evaluate privacy risks associated with federal-state data sharing.

Additionally, the bill directs the Maryland Department of Service and Civic Innovation to explore opportunities for their program participants to assist low-income Marylanders in receiving the EITC and other tax credits. The complexity and cost of filing tax returns creates a significant barrier for low-income households who are most likely to receive the EITC. The Volunteer Income Tax Assistance (VITA) program has proven to be an

effective and reliable source of free tax preparation assistance for low-income Marylanders.<sup>1</sup> However, VITA sites often lack sufficient volunteer tax preparers and have to turn away eligible tax filers. Service Year participants may be a good solution to meeting this need and to increasing EITC participation.

In conclusion, although I do not relish having to delay implementation of a bill that I previously worked hard on to get passed, I do recognize the need for this delay. HB 735 attempts to make lemonade out the lemons handed to us by the federal government.

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<sup>1</sup> VITA, Internal Revenue Service, [Free tax return preparation for qualifying taxpayers | Internal Revenue Service](#)