

Letter of Support

Uploaded by: Brooke Lierman

Position: FAV



Letter of Support

House Bill 735 – Earned Income Tax Credit – Assistance Program Implementation Delay and Study

Ways & Means Committee
February 19, 2026

Since taking on my role as Comptroller of Maryland, I have been dedicated to ensuring that Marylanders don't leave money on the table by helping them claim the tax credits they have earned, especially the Earned Income Tax Credit (EITC).

What this bill does: HB735 requires the Comptroller of Maryland to study and make recommendations on the best way to encourage eligible taxpayers to claim the EITC. HB735 also delays adoption of the "short form requirement" for individuals who were eligible to claim the EITC but did not do so.

Why this bill is important: The EITC is widely considered one of most effective tools for combating poverty, and I have launched several initiatives to encourage more Marylanders to claim the state's EITC. Last year we partnered with the Governor's Office for Children to [release a report](#) that reviews our outreach strategies and the impact they have had on Maryland's families. We also [partnered with Urban Institute](#) to identify where eligible Marylanders are not claiming the tax credits they have earned and the barriers to claiming individual tax credits in order to further refine our outreach.

The work we have done since the Maryland Earned Income Tax Credit for Low-Income Families program was established in 2022 has shown significant returns, and Maryland has consistently seen the number and share of EITC-eligible tax filers who missed the state tax credit decrease. Now, with several years of data on who is claiming the EITC and the efficacy of our outreach programs, this is the perfect time to review what has worked, where there are still gaps in claims, and what we can do to ensure that no Marylander leaves money on the table during tax season. I am excited to undertake this study and look forward to presenting the Maryland General Assembly with our findings and recommendations.

HB735 also includes language to delay implementation of the "short form requirements" for allowing EITC-eligible taxpayers who did not claim the EITC during filing to retroactively claim the credit. Implementation of this provision is administratively complex, and this delay will allow us to study its potential efficacy before dedicating significant resources toward implementation.

I urge a favorable report on HB735. Thank you. If you have any questions, please reach out to Matthew Dudzic, Director of State Affairs, at MDudzic@marylandtaxes.gov.



HB735_FAV_EconAction.pdf

Uploaded by: Jennifer Bevan-Dangel

Position: FAV



**HB735: Earned Income Tax Credit –
Assistance Program Implementation Delay and Study**

Position: Favorable

February 19, 2026

The Honorable Jheanelle K. Wilkins, Chair
Ways and Means Committee
130 Taylor House Senate Office Building
Annapolis, MD 21401
Cc: Members of the Committee

Chair Wilkins and members of the Ways and Means Committee,

Economic Action Maryland Fund urges a favorable report on HB735, which would instruct the Comptroller and the Department of Service and Civic Innovation to explore ways to better ensure low-income Marylanders are claiming the Earned Income Tax Credit.

Maryland's Earned Income Tax Credit is a valuable tool for low- to moderate-income Marylanders and provides up to \$4,000 for eligible Marylanders. The average refund is \$1,100. Marylanders can qualify even if they do not owe taxes, and as a result many Marylanders – especially those from our most low-income households - do not apply for this funding lifeline.

According to analysis done by the Comptroller, as many as 99,000 eligible taxpayers did not apply last year.¹ Many taxpayers are aware of the federal earned income tax credit but were not aware of the state credit. Economic Action Maryland Fund is well acquainted with the difficulties of reaching Marylanders with information about tax credits. Our Securing Older Adult Resources staff work with older adults to raise awareness of and process applications for Maryland's homeowner's and renter's tax credits. We helped return \$863,865 to Marylanders who qualified for the program but would not otherwise have known or applied for it.

Affordability is a priority of this legislative session. This legislation helps those households struggling the most with affordability with funding assistance to pay for the essentials they desperately need. For these reasons, we urge a favorable report on HB735.

Sincerely,
Jennifer Bevan-Dangel, Deputy Director

1

<https://marylandmatters.org/2025/07/18/nearly-99000-low-income-marylanders-left-tax-credits-on-the-table-lierman-says/>

Economic Action (formerly the Maryland Consumer Rights Coalition) champions economic rights and housing justice through advocacy, research, consumer education, and direct service. Our 12,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

2209 Maryland Ave · Baltimore, MD 21218 | www.econaction.org
Marceline White · Marceline@EconAction.org | Jennifer Bevan-Dangel · Jennifer@EconAction.org

Delegate Julie Palakovich Carr - HB 735 Testimony

Uploaded by: Julie Palakovich Carr

Position: FAV

JULIE PALAKOVICH CARR
Legislative District 17
Montgomery County

Ways and Means Committee
Chair, Revenues Subcommittee

Chair, Montgomery County
House Delegation



The Maryland House of Delegates
6 Bladen Street, Room 202
Annapolis, Maryland 21401
410-841-3037
800-492-7122 Ext. 3037
Julie.PalakovichCarr@house.maryland.gov

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.¹ 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.

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

HB 735_MD Center on Economic Policy_FAV.pdf

Uploaded by: Kali Schumitz

Position: FAV



FEBRUARY 19, 2026

Increasing Reach of Working Family Tax Credits Will Benefit Maryland Families and our Economy

Position Statement Supporting House Bill 735

Given before the House Ways and Means Committee

The federal and state Earned Income Tax Credits (EITC) and Child Tax Credits (CTC) help hundreds of thousands of working Marylanders who struggle to get by due to low wages and also boost the economy. However, many Marylanders don't receive the benefits of these effective anti-poverty tools even though they are eligible. Maryland has taken a number of positive steps to expand uptake of the EITC, including funding tax preparation assistance programs, requiring businesses to notify their employees about the EITC, and sharing information through state agencies. However, recent federal actions are making it harder for the Office of the Comptroller to implement more effective policies for ensuring more eligible Marylanders receive the credit.

The Maryland Center on Economic Policy supports House Bill 735 because it will maintain Maryland's progress towards increasing uptake of the EITC while adapting to a changing federal landscape.

About 380,000 Maryland families received an income boost from the federal EITC last year.¹ However, about 18% to 25% of those who are eligible don't receive it each year, according to IRS data.² People with very low incomes often don't earn enough to be required to file a tax return every year and may not be aware that they are missing out on refundable credits.

Legislation the General Assembly passed in 2022 required the Comptroller to use available data to proactively identify people who are likely eligible for the EITC but did not claim it and to provide them with a simple form to receive the credit. However, because of changing IRS policy, they do not currently have access to the necessary data to implement this program. HB 735 delays implementation deadlines until 2030, after which point new state tax systems are expected to make it feasible for the Comptroller to successfully implement the program.

In the meantime, HB 735 will create a process for evaluating current EITC outreach practices and exploring additional ways the state could strengthen outreach that don't rely on IRS data.

It is important to ensure all eligible Marylanders are receiving working family tax credits because it can have such a powerful impact on people's lives. Nationwide millions of people are lifted out of poverty each year

because of the federal EITC and CTC, with Maryland residents seeing even further benefits due to our state credits.³ Research shows that reducing poverty through these tax credits, especially for children, has significant long-term benefits, such as experiencing better health, doing better in school, and earning higher incomes later in life. It is also good for our economy, as families living paycheck to paycheck are likely to spend their refunds on immediate needs like car repairs, clothing, or school supplies, which boosts sales at local businesses.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Ways and Means Committee make a favorable report on House Bill 735.

Equity Impact Analysis: House Bill 735

Bill summary

House Bill 735 delays implementation of the Maryland Earned Income Tax Credit Assistance Program for Low-Income Families and requires the Office of the Comptroller to conduct a study regarding the most effective strategies for outreach to taxpayers who are likely eligible for the EITC.

Background

About 18% of Marylanders who were eligible for the federal EITC did not claim it in 2022, the most recent year for which IRS data are available. Maryland's EITC participation rate has varied from year to year from more than 82% in tax year 2022 to as low as 73% in tax year 2020. Similar data are not available for the Child Tax Credit or the state level credits. Maryland has taken positive steps to expand eligibility for the state EITC and create a modest state CTC in recent years, meaning there are some people who can receive the state credit but not the federal one.

Equity Implications

- 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 and Maryland's state CTC. While state and federal tax credits 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 color.⁴

Impact

If it ultimately results in increased uptake of the EITC, House Bill 735 would likely **improve racial and economic equity** in Maryland.

¹ IRS, Statistics for Tax Returns with the Earned Income Tax Credit, 2024 returns processed in 2025, <https://www.irs.gov/tax-professionals/eitc-central/statistics-for-tax-returns-with-the-earned-income-tax-credit-eitc>

² IRS, EITC Participation Rates By State For Tax Years 2014 through 2022, <https://www.eitc.irs.gov/eitc-central/participation-rate-by-state/eitc-participation-rate-by-states>

³ Center on Budget and Policy Priorities, "Policy Basics: The Child Tax Credit," 2022. <https://www.cbpp.org/research/policy-basics-the-child-tax-credit>

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>

2.17 HB 735 - Earned Income Tax Credit - Assistanc

Uploaded by: Lonia Muckle

Position: FAV



HB 735 - Earned Income Tax Credit - Assistance Program Implementation Delay and Study
House Ways & Means Committee
February 19, 2026
SUPPORT

Chair Wilkins, Vice-Chair, and members of the committee, thank you for the opportunity to submit testimony in support of House Bill 735. This bill seeks to strengthen Maryland's tax infrastructure while ensuring that implementation is both effective and secure.

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. Last year, around 44% of CASH's tax clients were 60 or older.**

The EITC remains one of the most powerful anti-poverty tools available to low- and moderate-income workers. In 2022, the General Assembly passed HB 252, which established the EITC Assistance Program and directed the Comptroller to identify eligible Marylanders who did not claim the credit and provide a streamlined process to help them do so. Roughly 15% of eligible Marylanders do not claim the credit, leaving millions of dollars unclaimed that could help families afford rent, groceries, utilities, and child care.

Unfortunately, there are now structural barriers that make full implementation challenging. The discontinuation of the federal Direct File system has significantly limited the Comptroller's ability to access the federal data necessary to verify eligibility and prepare prefiled returns. Giving the Comptroller's Office additional time will allow the state to build a stronger, more secure, and more sustainable system.

CASH has partnered with the Department of Service and Civic Innovation and has extensive experience operating Volunteer Income Tax Assistance (VITA) sites across Maryland. Through this work, we help thousands of low-income Marylanders file taxes safely and claim the EITC. CASH stands ready to share our on-the-ground expertise and work alongside state partners to develop recommendations that expand access and increase participation in the EITC.

HB 735 provides a responsible path forward: pause implementation until the necessary infrastructure is in place, rigorously evaluate outreach and system barriers, and strengthen partnerships that expand access to trusted, community-based tax assistance.

Thus, we encourage you to return a favorable report for HB 735.

Creating Assets, Savings and Hope