



**SB 638- Maryland Child Tax Credit**  
**February 26th, 2020**  
**Senate Budget and Taxation Committee**  
**SUPPORT**

Chairmen Guzzone, Vice-Chair and members of the committee, thank you for the opportunity to provide testimony in support of Senate Bill 638. This bill will establish a Maryland Child Tax Credit (CTC). This credit will be for people who make under \$6,000 and have a child under 6 years old or 17 with a disability. **An estimated 34,000 kids in Maryland would fit this criteria.**

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.**

Earning under \$6,000 a year translates to less than \$500 a month. Budgeting less than \$500 a month with a child is stressful, especially when, according to the ALICE Report, a single individual needs over \$2,000 a month to live in Maryland. An extra \$500 will increase the income for that immediate month of these families by more than double. This boost will make facing obstacles easier by increasing the amount of money that is available to families.

Families that earn under \$6,000 face a wide variety of financial challenges that have negative impacts on themselves and their children. Children that live in deep poverty have a hard time succeeding in school. Their families have less resources to devote to educational programs, especially ones that are before kindergarten. This means that these children are at higher risk of falling behind their peers. Families that live in deep poverty also have decreased access to health services. Health issues experienced at a young age can have effects that will follow children throughout adulthood. Unfortunately, some families will have to delay treatment or forego necessary intervention, because they cannot afford the extra expense.

SB 638 can also improve parents' connection to the workforce, which will result in stronger families. Working can be expensive for families. Parents have to have child care, transportation, and other support to be able to participate in the workforce. By establishing a Maryland CTC, families can receive money that can be directly used to manage some of these factors. This means that these families will have a higher opportunity to increase work hours, therefore increasing that family's income for longer than the initial credit.

**For these reasons, we encourage you to return a favorable report for SB 638.**