



TESTIMONY IN SUPPORT OF HB 680

Earned Income Tax Credit - Individuals Without Qualifying Children - Calculation and Refundability

House Ways and Means Committee
February 20, 2020

Submitted by Stacey Jefferson and Margo Quinlan, Co-Chairs

Member Agencies:

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Marylanders Against Poverty

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Marylanders Against Poverty (MAP) supports HB 680, which expands Maryland's Earned Income Tax Credit (EITC) to match the federal EITC for single filers.

The Earned Income Tax Credit 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.

The current structure of Maryland's EITC benefits families, but is not enough for many single filers not claiming dependents. Single filers not claiming dependents are a diverse group of individuals. They can be youth aging out foster care, young veterans, people transitioning out of homelessness, noncustodial parents, single men struggling to remain engaged in the workforce, and simply single people that are struggling to provide for themselves. These single filers are getting taxed into poverty¹. HB 680 addresses this issue by **increasing the value of Maryland's EITC to match 100% of the federal EITC for single filers without dependents.**

HB 680 would generate a higher refund for individuals working and living in poverty, bolstering the local economy. Currently, the average EITC refund for single workers is \$71. The proposed change would raise the average to \$375. This increase would offer low income individuals more opportunities to tackle debt, buy groceries, and cushion the cost of living for a moment. Furthermore, studies show that larger refunds are likely to be spent in the local economy to purchase necessities, pay off bills, and contribute to savings.² Providing low income workers with more resources to survive, will have a positive ripple effect for all of Maryland.

MAP appreciates your consideration, and urges a favorable report on HB 680.

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

¹ <https://www.cbpp.org/research/lone-group-taxed-into-poverty-should-receive-a-larger-eitc>

² Brookings Institute