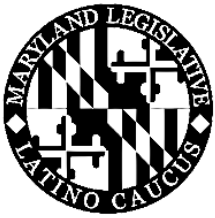


SB218_LatinoCaucus_FAV.pdf

Uploaded by: Caucus, MD Latino

Position: FAV



MARYLAND LEGISLATIVE LATINO CAUCUS

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TO: Senator Guy Guzzone, Chair
Senator Jim Rosapepe, Vice Chair
Budget and Taxation Committee Members

FROM: Maryland Legislative Latino Caucus (MLLC)

DATE: January 20, 2021

RE: SB218 Maryland Child Tax Credit

The MLLC supports SB218 Maryland Child Tax Credit.

The MLLC is a bipartisan group of Senators and Delegates committed to supporting legislation that improves the lives of Latinos throughout our state. The MLLC is a crucial voice in the development of public policy that uplifts the Latino community and benefits the state of Maryland. Thank you for allowing us the opportunity to express our support of SB218.

The 2017 federal tax reform changed the Child Tax Credit program and as a result many low-income families are excluded from receiving a tax credit for their qualified dependents. Taxpayers whose children are non-U.S. citizens were also excluded from the program. Many of these low-income families reside in rural areas, are people of color, and are single-parent households. The families that are in greater need of assistance have been disqualified from benefits, denying our state's children a way out of poverty.

In 2018, almost half of Marylanders living in poverty experienced deep poverty, meaning their income was below 50% of the federal poverty line. Additionally, 13.5% of Latinos and 12.4% of children in Maryland lived below the poverty line. Children growing up in poverty are vulnerable to lifelong disadvantages, such as poor physical and mental health, lower educational attainment, and a greater likelihood of risky behaviors that can lead to criminal behavior. During such a critical time in our economy, the legislature can help end child poverty and mitigate the effects of the COVID-19 pandemic on our poorest families.

SB218 creates a state Child Tax Credit to benefit families that are left out the federal program. A taxpayer with one or more dependent children under the age of 6, or up to the age of 16 with a physical, intellectual, developmental, or emotional disability, including children who are non-U.S. citizens, would qualify for a tax credit. We are advocating for our disadvantaged children, attempting to end any cycles of poverty in our communities, and find relief for families where possible. Our children cannot be left behind.

The MLLC supports this bill and urges a favorable report on SB218.

CAB Testimony_SB218_Child Tax Credit_January 27 20

Uploaded by: Frey, Leslie

Position: FAV



**Testimony in Support of SB218
Child Tax Credit
January 25, 2021**

TO: The Honorable Guy Guzzone, Chair, The Honorable Jim Rosapepe, Vice Chair, and Members of the Budget and Taxation Committee

FROM: Tiffany Jones, Chair, Montgomery County Community Action Board

The Montgomery County Community Action Board strongly supports SB218, to create a state Child Tax Credit to benefit families that are excluded from the federal Child Tax Credit; a taxpayer with one or more dependent children that are age 0 to 5 or age 0-16 with a physical, intellectual, developmental, or emotional disability would qualify for the tax credit. This includes immigrants whose children who do not have a valid Social Security number. This bill fills a critical gap for very low-income families who do qualify for the federal Child Tax Credit. The \$500 credit for each child who is under the age of six or under the age of seventeen and disabled, would make a substantial impact for these vulnerable families.

As the governing body for the Montgomery County Community Action Agency, the county's designated antipoverty entity, we know from the agency's Volunteer Income Tax Assistance (VITA) program that Child Tax Credits, along with Earned Income (EITC) and other tax credits, are some of the most effective anti-poverty tools available. Last year, the agency's VITA program helped County residents receive nearly \$700,000 in Child Tax Credits, money that may be used to pay down debts, put money into savings, and pay for necessities.

Since the pandemic, many low-wage workers who were already struggling have lost wages—many are underemployed, and/or may have also been unemployed for part of the year, so the credit is more valuable than ever in helping people to make ends meet. Here in Montgomery County, the cost of living is so high that it can be very difficult for families to become self-sufficient. 38% of households with a child under the age of six have incomes below the Self-Sufficiency Standard.¹ Families in this portion of the population with the lowest incomes would directly benefit from this bill. The \$500 Child Tax Credit would help to offset the high cost of necessities such as childcare and housing. In Montgomery County, the average cost of infant care is \$17,713² and outstanding 90% of households with an annual income of less than \$20,000 are housing burdened³. Tax credits provide critical financial support to families who are struggling the most.

This bill has the additional benefit of helping very low-income families who are not receiving the added support of the EITC. Taxpayers who are not citizens are not eligible for the EITC, but they are eligible for the federal Child Tax Credit if their children are citizens. Unfortunately, the very lowest-income

¹ <http://www.selfsufficiencystandard.org/maryland>

² <http://www.marylandfamilynetwork.org/wp-content/uploads/2019/04/Montgomery.pdf>

³ <http://www.census.gov/programs-surveys/acs/>

taxpayers who are not citizens miss out on both the EITC and the federal Child Tax Credit. Ensuring that these households receive the Child Tax Credit is critically important in diverse areas where a large number of immigrants reside, many of whom are mixed legal status households.

We strongly encourage you to pass SB218 and to continue to support tax credits and other policies that help Marylanders move towards self-sufficiency.

SB0218 - 1.27.21 -- Maryland Child Tax Credit.pdf

Uploaded by: Fry, Donald

Position: FAV



TESTIMONY PRESENTED TO THE SENATE BUDGET & TAXATION COMMITTEE

SENATE BILL 218 – MARYLAND CHILD TAX CREDIT

Sponsor – Senator Nancy King

January 27, 2021

**DONALD C. FRY
PRESIDENT & CEO
GREATER BALTIMORE COMMITTEE**

Position: Support

The Greater Baltimore Committee (GBC) supports Senate Bill 218, which would create a State Child Care Tax Credit. This tax credit would apply to individuals who earn less than \$6,000 per year and would provide a \$500 tax credit for each child under 6 or child with a disability under 17. According to fiscal and policy analysis provided by the Department of Legislative Services (2019), this credit would impact approximately 34,000 children in Maryland families. Senate Bill 143 would create a State counterpart to the federal child tax credit and would guarantee that eligible filers receive a state and federal child tax credit of \$500 per eligible child. Unlike the federal credit, the state credit would not exclude children in families with the lowest incomes (under \$2,500) or children who do not have a social security number.

The GBC supports efforts to enhance the availability and affordability of high quality child care. While the issue of the accessibility and affordability of high quality child care has long been an issue of significant concern, the COVID-19 pandemic has elevated this challenge and the substantial impact that the lack of child care poses on workforce participation, particularly for women and lower income families. The GBC has identified the availability and affordability of high quality child care as an essential element to ensure economic recovery from the COVID-19 pandemic, particularly among women, minority groups, and lower income residents. Business leaders have repeatedly highlighted the impact that the lack of child care is having on their workforce and have urged bold and prioritized action on this issue.

Senate Bill 218 is consistent with the Greater Baltimore Committee’s [2021 Legislative Priorities](#) which call for targeted policy or funding innovations in child care to address immediate shortage and create long-term solutions.

For these reasons, the Greater Baltimore Committee urges a favorable report on Senate Bill 218.

The Greater Baltimore Committee (GBC) is a non-partisan, independent, regional business advocacy organization comprised of hundreds of businesses -- large, medium and small -- educational institutions, nonprofit organizations and foundations located in Anne Arundel, Baltimore, Carroll, Harford, and Howard counties as well as Baltimore City. The GBC is a 66-year-old, private-sector membership organization with a rich legacy of working with government to find solutions to problems that negatively affect our competitiveness and viability.

GREATER BALTIMORE COMMITTEE

111 South Calvert Street • Suite 1700 • Baltimore, Maryland • 21202-6180

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SB 218 Sponsor Testimony.pdf

Uploaded by: Horton, Patty

Position: FAV

NANCY J. KING
Legislative District 39
Montgomery County

MAJORITY LEADER



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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

SPONSOR STATEMENT

Senate Bill 218 – Maryland Child Tax Credit

January 27, 2021

Mister Chairman and Members of the Budget and Taxation Committee:

The 2017 federal tax reforms made significant changes to the Child Tax Credit program. These changes negatively impacted low income families and in particular, the lowest income families – those making less than \$2500 per year – were excluded from the program.

Senate Bill 218 would create a Child Tax Credit to benefit those families that are excluded from the federal Child Tax Credit along with those families who are living well below the federal poverty level. A taxpayer with one or more dependent children that are age 0-5 or age 0-16 with a physical, intellectual, developmental, or emotional disability would qualify for the tax credit. This include immigrants who are taxpayers.

Thirteen percent of Maryland children age 0-5 are living below the federal poverty line. We know that children who grow up in poverty experience lifelong disadvantages. Even a small boost in family income can help negate the negative impacts of poverty on children including low birthweight, impaired physical health and developmental delays. Senate Bill 638 creates a refundable \$500 credit for each qualified child when the taxpayer's federal adjusted gross income is \$6,000 or less per year. While \$500 doesn't seem like much, that amount can make a huge difference to a family whose monthly income is \$500 or less.

As we work to help Maryland families, this legislation will be one more tool to assist our most vulnerable families and so I respectfully request a favorable report on Senate Bill 218.

SB218- The Arc Maryland- Support.pdf

Uploaded by: Kolp, Ande

Position: FAV

SB 218 - Maryland Child Tax Credit
Senate Budget and Taxation Committee on January 25, 2021

Position: Support

The Arc Maryland is a statewide advocacy organization dedicated to the rights and quality of life of people with intellectual and developmental disabilities and their families.

If this bill should advance, a taxpayer with a federal adjusted gross income of \$6000 or less for the year would be able to claim a credit against their state income tax for each qualified child in an amount equal to \$500.

This legislation would improve the lives of low-income Marylanders with children under the age of 6, and children with disabilities under the age of 17. The legislation could not be coming at a better time. Prior to this year, parents of children with special needs have struggled with expenses related to the supports their children need. This year those struggles were intensified as many parents found themselves having to cover child care for their children with disabilities, out of pocket, during the period of school building closure. Unfortunately, very few resources exist to support families with day-time childcare responsibilities and costs and the impact has been disproportionately greater on parents of older school-aged children with disabilities who require care and assistance during the day to access virtual education.

We appreciate the consideration of the committee, and urge a favorable report.

Sincerely,



Ande Kolp
Executive Director
akolp@thearcmd.org
www.thearcmd.org

SB0218 WDC Testimony 1.27.21.pdf

Uploaded by: Macomber, Virginia

Position: FAV



MONTGOMERY COUNTY, MARYLAND
WOMEN'S DEMOCRATIC CLUB

P.O. Box 34047, Bethesda, MD 20827

www.womensdemocraticclub.org

**Senate Bill SB0218 – Maryland Child Tax Credit
Budget and Taxation Committee – January 27, 2021
SUPPORT**

Thank you for this opportunity to submit written testimony concerning an important priority of the **Montgomery County Women's Democratic Club (WDC)** for the 2021 legislative session. WDC is one of the largest and most active Democratic Clubs in our County with hundreds of politically active women and men, including many elected officials.

WDC urges the passage of SB0218 – Maryland Child Tax Credit. This bill will create a targeted tax credit to benefit families that are excluded from the Federal Tax Credit Program – those with zero or very low-incomes. A taxpayer who has an adjusted gross income of \$6,000 or less may claim a State income tax credit of \$500 for each qualified child (under the age of six years or under the age of 17 years with a disability), including those whose children do not have a valid Social Security Number. The tax credit would sunset on June 30, 2026, without further action by the General Assembly.

The Federal Tax Credit program excludes those families most in need – those making less than \$2,500 a year as well as taxpayers whose children are not U.S. citizens. As a result, ten percent of children nationally are not receiving funds from the Federal Tax Credit program. Children of color and those raised by a single mother are disproportionately impacted. Tax credits have proven to be an effective way to boost family income and children's outcomes. In fact, boosting a family's income by as little as \$3,000 a year until the child's sixth birthday can increase a child's adult earnings by as much as 17 percent. Studies have also documented that increasing family income can improve a child's educational achievement, health, and developmental progress. The National Academy of Sciences, engineering, and Medicine recommends the Child Tax Credit as a key approach to reducing the child poverty rate in the United States. In Maryland, thirteen percent of children live in families below the poverty line. The pandemic has increased the number of children living in food insecure households, and households in housing arrears. This bill is an easily administered solution to childhood poverty and will ensure more Maryland children have a secure and healthy head start.

We ask for your support for SB0218 and strongly urge a favorable Committee report.

Respectfully,

Diana Conway
President

SB 218_MFN_FAV_Macsherry Child Tax Credit.pdf

Uploaded by: Macsherry, Clinton

Position: FAV



**Testimony Concerning SB 218:
“Maryland Child Tax Credit”
Submitted to the Senate Budget & Taxation Committee
January 20, 2021**

Position: Support

Maryland Family Network (MFN) supports SB 218, which would allow very low-income families to claim a credit against the State income tax for dependent children under age 6 (or children with a disability under age 17).

MFN has worked since 1945 to improve the availability, affordability and quality of child care, family support services, and early education. We have been active in state and federal debates on education and welfare reform and are strongly committed to ensuring that low- and moderate-income working families—and indeed, all families—have the supports they need to care for their children and to be economically self-sufficient.

Poverty has a devastating impact on families, and especially on young children. The children’s physical health, social and emotional development, school readiness, and ultimate life outcomes face severe challenges. Deep poverty—often defined as living with income at less than half the federal poverty level, or approximately \$11,000 for a family of 3—exacerbates these challenges greatly. Even a modest increase in income for these families has been demonstrated by the National Institutes of Health (among others) to result in significantly better outcomes for individuals and for society as a whole.

The tax credit that would be established by SB 218 is narrowly targeted to families with children under 6 and with incomes of \$6000 or less. Although the target population is narrow, the individual and social benefits are arguably broader than we can calculate.

MFN urges your favorable consideration of SB 218.



SB 218_MSCCA_child care tax credit.pdf

Uploaded by: Meyer, Isaac

Position: FAV



**Caring For Maryland's Most
Important Natural Resource^T...**

Maryland State Child Care Association

Christina Peusch
Executive Director
2810 Carrollton Road
Annapolis, MD. 21403
Phone: (410) 820-9196
Email: info@mscca.org
Website: mscca.org

The Maryland State Child Care Association (MSCCA) is a non-profit, statewide, professional association incorporated in 1984 to promote the growth and development of child care and learning centers in Maryland. MSCCA has over 4500 members and our members provide care and education for Maryland children and support working families. We believe children are our most important natural resources and work hard to advocate for children, families and for professionalism within the early childhood community.

**Testimony Concerning SB 218:
Maryland Child Tax Credit
Submitted to the Budget and Taxation Committee**

**January 20, 2021
Position: Support**

MSCCA fully and enthusiastically supports SB 218 and applauds the efforts of Senator Nancy King in sponsoring this legislation to take steps in the right direction to expand the Child Tax Credit in order to address obstacles for families, especially the critical child care issues of Maryland's neediest families. Due to the unprecedented pandemic that has directly impacted families and businesses in Maryland, we should do more to ensure tax policies are designed to support and meet families' critical needs.

MSCCA is committed to advocating for Maryland families our members serve. MSCCA believes that the most equitable and efficient way to expand access to quality child care in the state of Maryland is through direct family investments. These Investments include scholarships, subsidies, and refundable tax credits. These public supports will help to address affordability and availability issues for Maryland's families. We know that access to quality, affordable child care leads to better outcomes for Maryland's youngest citizens.

The Child Tax Credit is critical for all families and especially low-income families because without it, they would not receive tax benefits to offset the costs of raising children.

MSCCA hopes champions like Senator King will keep working to expand the Child Care Tax Credit as it helps lift families out of poverty and helps provide more opportunities for children.

MSCCA urges a favorable committee report.

(MAP) SB 218 Maryland Child Tax Credit_SUPPORT.pdf

Uploaded by: Moore, Tonaeya

Position: FAV



TESTIMONY IN SUPPORT OF SB 218

Maryland Child Tax Credit

Senate Budget and Taxation Committee

January 20, 2021

Submitted by Stacey Jefferson and Julia Gross, Co-Chairs

Member Agencies:

Advocates for Children and Youth
Baltimore Jewish Council
Behavioral Health System Baltimore
CASH Campaign of Maryland
Catholic Charities
Episcopal Diocese of Maryland
Family League of Baltimore
Fuel Fund of Maryland
Health Care for the Homeless
Homeless Persons
Representation Project
Job Opportunities Task Force
League of Women Voters of Maryland
Loyola University Maryland
Maryland Catholic Conference
Maryland Center on Economic Policy
Maryland Community Action
Partnership
Maryland Family Network
Maryland Hunger Solutions
Paul's Place
Public Justice Center
St. Vincent de Paul of Baltimore
Welfare Advocates

Marylanders Against Poverty

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Julia Gross, Co-Chair
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E: jgross@mdhungersolutions.org

Marylanders Against Poverty (MAP) supports SB 218, which creates a refundable Maryland Child Tax Credit (CTC). Individuals will be able to claim this credit at the state level if they make \$6,000 or less and their child is 6 years old or younger or 17 and has a disability.

This credit will help bridge a gap left by federal policy. For federal policy, the first \$3,000 in earnings do not count when determining the CTC. This means that there are families that earn too little to receive a substantial credit. Some families do not qualify to receive the credit at all. Maryland has the opportunity to cover families that federal policy does not.

This bill will provide relief for low income families, especially those hit hardest by COVID-19. When parents have resources, those resources are available to their children. The CTC has been linked to greater education outcomes, and this will have lasting effects on their children's future economic mobility. This is incredibly important this year, because last year schooling across the state transitioned to online. This means that families needed access to different resources to continue their child's education at home. The pandemic is still unpredictable, and this credit will boost the ability of families to respond.

Establishing a state CTC will boost the health of low income families. When families have more access to money, they can seek more medical services, buy more health supplies, and they have a greater opportunity to obtain food security for a moment. More families will be able to pursue specialized services or equipment that would benefit their child. The price of those services and equipment are a burden on a low income families budget. Many times, children cannot receive the care they need. COVID-19 has added additional burdens on the health needs for families. CTC will allow for families to better address health concerns.

SB 218 will help low income families tackle or avoid financial hardships. The CTC is considered one of the strongest federal government's anti-poverty tools. Families living under the poverty line face difficult financial hardships that are difficult to navigate. The pandemic has exasperated these hardships, and families that live in deep poverty have faced these significant consequences. An extra \$500 for these families will increase their available income, therefore helping them navigate through obstacles.

MAP appreciates your consideration and urges a favorable report for support SB 218.

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 in or near poverty, and to address the underlying systemic causes of poverty.

CASH_SB 218 Maryland Child Tax Credit_SUPPORT.pdf

Uploaded by: Moore, Tonaeya

Position: FAV



SB 218- Maryland Child Tax Credit
January 20, 2021
Senate Budget & Taxation Committee
SUPPORT

Chairman Guzzone, Vice-Chair and members of the committee, thank you for the opportunity to provide testimony in support of Senate Bill 218. 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 criterion.**

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.**

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 218 can 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.

Unfortunately, over the last year, a global pandemic has threatened the financial security of many families in Maryland. Consequences of COVID-19 include: job loss, schooling transitioning from in person to online, and the closing of many other resources that parents usually have access to. This has led to an unexpected and extreme increase in the cost of having children in the home. The state recognized this problem during the beginning of the pandemic and provided additional SNAP benefits to families. SB 218 is another chance for the state to respond to the additional burdens the pandemic has placed on families over the past year.

For these reasons, we encourage you to return a favorable report for SB 218.

SB 218 - Maryland Child Tax Credit.pdf

Uploaded by: O'Day, Garrett

Position: FAV



ARCHDIOCESE OF BALTIMORE † ARCHDIOCESE OF WASHINGTON † DIOCESE OF WILMINGTON

January 20, 2021

**SB 218
Maryland Child Tax Credit**

Senate Budget and Taxation Committee

Position: Support

The Maryland Catholic Conference offers this testimony in SUPPORT of Senate Bill 218. The Catholic Conference represents the public policy interests of the three (arch)dioceses serving Maryland, including the Archdioceses of Baltimore and Washington and the Diocese of Wilmington, which together encompass over one million Marylanders.

Senate Bill 218 creates a refundable tax credit against the State income tax for up to \$500 per child for any child under the age of six or for children with disabilities who are under the age of seventeen. To qualify, however, parents must have a federal adjusted gross income of \$6,000 or less annually.

The Church has long supported legislation such as Child Tax Credits that provide dignity for low-income people and their families. Furthermore, the United States Conference of Catholic Bishops has supported proposals seeking to “expand assistance to parents with children and improve family formation and stability.” (*Letter to Congress on Child Tax Credit*, USCCB, 3/16/2016) In the *Compendium of the Social Doctrine of the Church*, the Pontifical Council for Justice and Peace asserted that all persons deserve “a wage sufficient to maintain a family and allow it to live decently... There can be several different ways to make a family wage a concrete reality. Various forms of important social provisions help to bring it about, for example, family subsidies and other contributions for dependent family members...” Establishing a Child Tax Credit in Maryland is one significant and tangible way to achieve this stability for low-income families throughout the state.

Child tax credits are proven anti-poverty tools, aiming to eliminate the need for families to make the impossible and unnecessary choice between financial stability and family stability. Although a \$6,000 income cap is a seemingly low limit, those who are eligible to claim the credit will notice immediate and substantial financial assistance, particularly when they have multiple dependents. The Conference strongly supports legislation that addresses this need. Legislative proposals such as the creation of a child tax credit and the expansion of the Earned Income Tax Credit are important tools for achieving this assistance and combatting poverty.

It is for these reasons that the Conference respectfully requests a favorable report on Senate Bill 218.

TESTIMONY FOR SB0218 Maryland Child Tax Credit.pdf

Uploaded by: Plante, Cecilia

Position: FAV



**TESTIMONY FOR SB0218
MARYLAND CHILD TAX CREDIT**

Bill Sponsor: Senator King

Committee: Budget and Tax

Organization Submitting: Maryland Legislative Coalition

Person Submitting: Cecilia Plante, co-chair

Position: **FAVORABLE**

I am submitting this testimony in favor of SB0218 on behalf of the Maryland Legislative Coalition. The Maryland Legislative Coalition is an association of individuals and grassroots groups with members in every district in the state with well over 30,000 members.

Your constituents are struggling now in a way they have not struggled for a long time. The pandemic has destroyed any illusion of financial safety for many, many people in Maryland. Offering them some relief from taxes, in any way that is possible, will be a blessing for those that are living hand to mouth.

This bill will offer some relief by bracketing the local tax rate so that those who make less will pay less in taxes next year. In a year where the state Government is looking for revenue, assuring those hardest hit economically that the state is looking out for them is the right thing to do.

We support this bill and recommend a **FAVORABLE** report in committee.

SB 218_MDCEP_FAV.pdf

Uploaded by: Schumitz, Kali

Position: FAV

A State Child Tax Credit Would Make a Big Difference for Thousands of Kids across Maryland

Position statement in support of Senate Bill 218

Given before the Senate Budget and Taxation Committee

Every child deserves to grow up in a safe home free of the daily stress that comes with economic insecurity. The federal Child Tax Credit advances this goal by providing an income boost to 300,000 low-income Maryland families with children, but it currently provides only minimal benefits to many families, and locks some out entirely.ⁱ The Maryland Center on Economic Policy supports Senate Bill 218 because it would extend a much-needed income boost to 34,000 or more Maryland children who are locked out of the federal credit.

While working family tax credits like the Child Tax Credit are an important part of economic security in the best of times, the current economic downturn makes this additional assistance even more vital. Marylanders in households with children were about twice as likely to be behind on rent or not have enough to eat, compared to households without children, according data from recent U.S. Census Bureau “Household Pulse” surveysⁱⁱ. Nearly 3 in 10 Maryland households with children missed rent payments between August and October, putting many families at risk of eviction once moratoriums are lifted. A larger refund at tax time would be a huge help to the families struggling to make ends meet.

The federal Child Tax Credit provides families an income boost of up to \$2,000 per child at tax time. The credit benefits households in a wide range of income levels, with the majority taking home between \$10,000 and \$75,000 each year. About 300,000 Maryland households claimed the low-income (refundable) portion of the credit in 2016. Research shows that this income boost can bring lifetime benefits—improving children’s health, helping them succeed in school, and ultimately enabling many to get better jobs in adulthood.ⁱⁱⁱ Yet for many children who would gain the most from increased family income, the credit currently provides only small benefits or leaves them out entirely:

- Families whose income is less than \$2,500 per year are not eligible to claim the credit at all.
- Families with slightly higher incomes—up to about \$25,000 for a single parent with one child, or higher for larger families—can claim a partial credit, but are not eligible for the full \$2,000 per child.
- The Trump administration's signature federal tax overhaul expanded the maximum value of the credit from \$1,000 to \$2,000 per child, but capped the refundable portion that is most helpful to low-income families at a lower amount. This choice shut struggling families out of the biggest benefits, even as the law handed a windfall to large corporations and wealthy individuals.
- Worse yet, the 2017 tax law for the first time required children to have a social security number to be eligible for the full credit, taking much-needed benefits away from about 1 million children nationwide who were born outside the United States.

Senate Bill 218 would guarantee low-income families with young children or children with disabilities a benefit of \$500 per child. Unlike the federal credit, Senate Bill 218 does not lock out children in families with the lowest incomes or children without a social security number. Altogether, it would put \$17 million into the hands of thousands of families each year, benefiting 34,000 or more Maryland children.^{iv} This modest income boost could mean better access to nutritious food or enriching reading materials, or could even help keep the electricity or heat on.

We owe it to Maryland children to guarantee a basic living standard and a foundation for success at school and in the workforce. Senate Bill 218 would represent an important step in that direction, correct shortcomings in the federal child tax credit, and bring meaningful benefits to tens of thousands of Maryland children.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Budget and Taxation Committee make a favorable report on Senate Bill 218.

Equity Impact Analysis: Senate Bill 218

Bill summary

Senate Bill 218 would create a state counterpart to the federal child tax credit. Tax filers would be eligible to claim the credit if they have a qualifying child under age six or an older child who has a disability, and have federal adjusted gross income under \$6,000. The credit would guarantee that eligible filers receive a combined state and federal child tax credit of \$500. Unlike the federal credit, the state credit would not exclude child in families with very low incomes or children who do not have a social security number.

Background

The federal Child Tax Credit provides families a credit of up to \$2,000 per child. In 2016, about 300,000 Maryland households claimed the refundable portion of the credit, which is capped at \$1,400 per child. Families with annual income less than \$2,500 are not eligible to claim the federal credit, and families with income below about \$25,000 can claim only a partial credit. Research shows that increased family income in early childhood can bring lifetime health, educational, and workforce benefits.^v

The 2017 federal tax overhaul expanded the maximum value of the credit from \$1,000 to \$2,000 per child, but capped the refundable portion that is most helpful to low-income families at \$1,400, meaning that millions of children nationwide saw only minimal gains. The law also for the first time required children to have a social security number to be eligible for the full credit, taking away existing benefits from about 1 million children nationwide.

Equity Implications

While there are not sufficient data to estimate the characteristics of people who would benefit from Senate Bill 218, data from the current federal child tax credit as well as legislation to improve the credit suggest that the bill would likely bring the largest benefits to women and people of color:

- The Working Families Tax Relief Act is a bill that would expand and improve the federal earned income tax credit and child tax credit, including reforms similar to those in Senate Bill 218. Among Maryland households expected to benefit from this bill, 57 percent are households of color; 40% are Black households;

11 percent are Latinx households; and 8 percent are Asian, American Indian/Alaska Native, or belonging to another racial group.^{vi}

- As of tax year 2012, 65 percent of Maryland parents benefiting from the federal earned income tax credit or child tax credit were women.^{vii}
- Because Senate Bill 218 increases benefits for families with the lowest incomes—who, because of historical and ongoing policies, are disproportionately made up of women and people of color—the bill would likely have even greater benefits for these groups than the current child tax credit.
- The bill departs from the 2017 tax law and the general Trump administration approach of intentionally harming people born outside the United States. Instead, Senate Bill 218 offers the credit to immigrant and United States-born children equally.

Impact

Senate Bill 218 would likely **improve racial, gender, and economic equity** in Maryland.

ⁱ "The Child Tax Credit: A Tool for Fighting Child Poverty in Maryland," Center on Budget and Policy Priorities, 2019, https://www.cbpp-multimedia.org/1-25-19tax/1-25-19tax_actc_maryland_statewide.pdf

ⁱⁱ In this case, "Marylanders in households with/without children" and "households with/without children" refer to adults with at least one child under 18 in the household." MDCEP analysis of 2020 Census Household Pulse Survey data, <https://www.census.gov/programs-surveys/household-pulse-survey/data.html>

ⁱⁱⁱ Chuck Marr, Chye-Ching Huang, Arloc Sherman, and Brandon Debot, "EITC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children's Development, Research Finds," Center on Budget and Policy Priorities, 2015, <https://www.cbpp.org/research/federal-tax/eitc-and-child-tax-credit-promote-work-reduce-poverty-and-support-childrens>

^{iv} Total benefits based on the fiscal and policy note for Seate Bill 638 of 2020. At a maximum benefit of \$500 per child, this cost implies that at least 34,000 children would receive the credit.

^v Marr et al., 2015.

^{vi} Chuck Marr, Brendan Duke, Yixuan Huang, Jennifer Beltrán, Vincent Palacios, and Arloc Sherman, "Working Families Tax Relief Act Would Raise Incomes of 46 Million Households, Reduce Child Poverty," Center on Budget and Policy Priorities, 2019, <https://www.cbpp.org/research/federal-tax/working-families-tax-relief-act-would-raise-incomes-of-46-million-households>

^{vii} "Fact Sheet: 21 Million Mothers Benefit from Tax Credits for Lower-Income Working Families," Center on Budget and Policy Priorities, 2015, <https://www.cbpp.org/research/federal-tax/fact-sheet-21-million-mothers-benefit-from-tax-credits-for-lower-income-working>

"Fact Sheet: 21 Million Fathers Benefit from Tax Credits for Lower-Income Working Families," Center on Budget and Policy Priorities, 2015, <https://www.cbpp.org/research/federal-tax/fact-sheet-13-million-fathers-benefit-from-tax-credits-for-lower-income-working>

SB 218 Child Tax Credit Support.pdf

Uploaded by: Walmsley, Keith

Position: FAV



Maryland Developmental Disabilities Council

EMPOWERMENT • OPPORTUNITY • INCLUSION

Budget & Tax Committee
SB 218: Maryland Child Tax Credit
January 20th, 2021
Position: Support

The Maryland Developmental Disabilities Council (DD Council) is an independent, public policy organization that works to improve policies, programs and services that support people with developmental disabilities and their families in our communities. The DD Council is led by people with developmental disabilities and their families. **From that perspective, the DD Council supports SB 218 because it will improve the lives of low-income Marylanders with children.**

Six States (California, Colorado, Idaho, New York, North Carolina, Oklahoma) currently offer state level child tax credits alongside the Federal credit. Maryland should join those states and support more low-income parents, especially those caring for children with disabilities.

WHY is this legislation important?

- One survey found that **more than 70% of family members providing care for people with intellectual and developmental disabilities reported that caregiving interfered with their work.** (2010 FINDS National Survey: Family and Individual Needs for Disability Support)
- Another study found that the odds of a worker losing income increase by 48% if the worker lives with a child with disabilities and special health care needs
- **Working family tax credits improve educational attainment, increase earnings, and lead to positive health outcomes.**

WHAT does this legislation do?

- Provides a tax credit of \$500 per child to taxpayers who have incomes of \$6,000 or less. If the credit is more than the taxpayer's liability, the excess may be claimed as a refund.

People with disabilities are twice as likely to face unemployment or under-employment than the general population. This bill will help people with developmental disabilities maintain independence and meaningfully participate in all aspects of community life.

Contact: Keith Walmsley, Director of Public Policy Initiatives; kwalmsley@md-council.org