



SB 496 -Recovery for the Economy, Livelihoods, Industries, Entrepreneurs, and Families (RELIEF) Act
Senate Budget and Taxation Committee
LETTER OF INFORMATION

Chairman Guzzone, Vice-Chair and members of the committee, thank you for the opportunity to provide informational testimony regarding Section 4 of Senate Bill 496. The section would provide stimulus payments to recipients who received the Earned Income Tax Credit (EITC) for the 2019 and 2020 tax year.

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.**

A state level stimulus tied to Maryland's EITC would provide around 400,000 Marylanders additional relief. The EITC targets low income workers and helps lift them out of poverty. Low income workers were vulnerable before the pandemic, and COVID 19 has exasperated issues they face. CASH appreciates the Governor's recognition of the EITC and its ability to deliver support to low income workers. CASH encourages and welcomes a state level stimulus, but recognizes that there are additional complications to administering a stimulus solely connected to Maryland EITC eligible residents.

There will be large populations of people who will still need financial help.

- To qualify for the EITC, an individual or family has to earn less than \$57,000 as a household. This means that individuals and families who have low to moderate incomes that are struggling will be left out of receiving additional aid.
- Taxes must be filed to receive the EITC. CASH estimates there is about \$300 million of unclaimed EITC each year from Marylanders who don't claim the federal or state EITC. These people meet the requirements; however, they do not know they are eligible to claim the credit. Also, individuals can go back up to three years to receive unclaimed EITC funds, and the proposed stimulus is split between two tax years. It is not clear if individuals who will claim past EITC this year will be eligible for the full Maryland stimulus.
- Connecting the stimulus to Maryland's EITC would also leave out immigrant families who are not eligible.
- People who receive state benefits do not have "earned income." They would not be eligible for the proposed stimulus. For example, people receiving Temporary Disability Assistance (TDAP) are not receiving a boost in their monthly benefits like individuals on Temporary Cash Assistance (TCA). This is specifically damaging, because many of these individuals are waiting to be accepted for long term disability benefits. People on TDAP receive \$185 a month. This population is extremely vulnerable, and they would be left out of again from receiving additional help.

CASH believes the state should focus on both relief and recovery.

The General Assembly has an opportunity to provide on-going recovery support for low-wage workers by expanding the EITC for single workers who are not claiming dependents. Pairing a potential \$526 expanded EITC with a stimulus payment could help ensure that workers are on the road to economic recovery.



CASH encourages a state level stimulus that addresses and fills in the gaps left in the proposed stimulus.