



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 unexpectant 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.