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THE SENATE OF MARYLAND
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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.