



**SB 218- Income Tax - Child Tax Credit and Expansion of the Earned Income Credit**  
**February 22, 2021**  
**Senate Ways and Means Committee**  
**SUPPORT**

Chairwoman Kaiser, Vice-Chair and members of the committee, thank you for the opportunity to provide testimony in support of Senate Bill 218. This bill will extend relief to more vulnerable populations in Maryland.

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.**

The Recovery for the Economy, Livelihoods, Industries, Entrepreneurs, and Families (RELIEF) Act was signed into law as an avenue to provide relief and recovery for Marylanders across the state. This included the largest expansion of the Maryland Earned Income Tax Credit (EITC). Money will be put directly into the hands of the essential low income workers that were greatly impacted by the pandemic. However, Marylanders that file an Individual Taxpayer Identification Number (ITIN) are not eligible for the EITC and therefore are left out of relief and recovery efforts.

**ITIN filers in Maryland pay an estimated \$332 million in taxes every year.** The EITC recognizes that low income workers' pay taxes, and they are taxed further into poverty. Relief funds also recognize that low income workers have paid into the government, and they need some of their contribution back due to the negative effects of the pandemic. Low income ITIN filers are in the same position as the low income workers covered by the EITC expansion. They are taxpayers that are being taxed further into poverty. COVID-19 is seriously impacting low income workers' health, housing and job security, and is having an overall negative effect on their financial stability. All low income workers need additional support to navigate through these tough times.

SB 218 also establishes a Maryland Child Tax Credit for eligible families. Unfortunately, over the last year, COVID-19 has threatened the financial security of many families in Maryland. Consequences of COVID-19 include: job loss, schooling transitioning to virtual, and the closing of many resources that parents usually rely on. This has led to an unexpected and extreme increase in the cost of having children in the home. The cost is even greater for low income families that have children with disabilities. The state recognized this problem during the beginning of the pandemic and provided additional SNAP benefits to families. Low income families need more support during this time to preserve housing, cover child care, and obtain essential resources.

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