

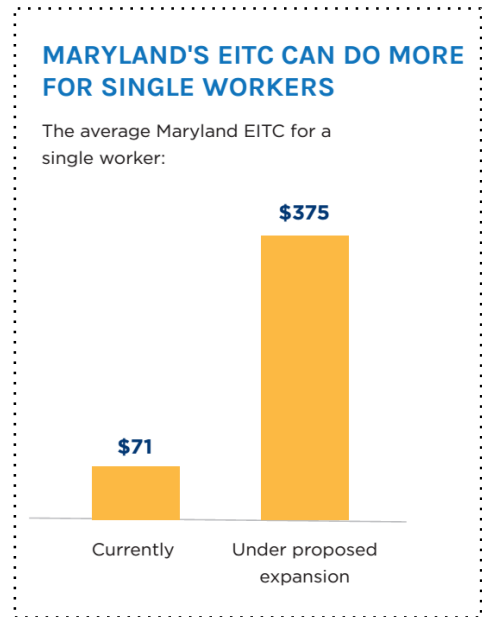
HB 176 - Earned Income Tax Credit - Individuals Without Qualifying Children - Calculation and Refundability
House Ways and Means Committee
January 21, 2021
SUPPORT

Chairwoman Kaiser, Vice-Chair and members of the committee, thank you for the opportunity to testify today in support of House Bill 176. HB 176 increases the value of Maryland’s Earned Income Tax Credit (EITC).

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.**

Maryland is one of the 28 states that values their hard working, low income citizens by offering a state version of the EITC. This credit is one of the most powerful anti-poverty tools utilized by federal, state, and local governments. It has shown to substantially benefit women and communities of color, and helps keep people engaged in the workforce. **Unfortunately, COVID-19 has threatened many people’s ability to stay connected to the workforce.** Right now, low income workers are fighting to gain or maintain financial security while being taxed further into poverty.¹ This year, we have the opportunity to make the EITC more valuable for low income workers in Maryland and provide additional relief needed due to the pandemic.

The proposed adjustments **increase the value of Maryland’s EITC to match 100% of the federal EITC.**



This bill will provide a significant increase in the refund that single filers who are unable to claim dependents are able to receive. A more valuable Maryland EITC that reaches young workers struggling on low wages will help them get a stronger foothold in the labor market as it did with single mothers leaving welfare in the 1990s. The current economic downturn caused by the pandemic has affected our most vulnerable populations the most. HB 176 is an opportunity to provide additional relief to single filers who are unable to claim dependents like:

- Young veterans
- Youth aging out of foster care or transitioning out of homelessness
- Single men struggling to remain engaged in the workforce
- Noncustodial parents and
- Pregnant first time mothers.

Research shows EITC refunds are typically spent locally – on groceries or transportation to and from work – benefiting our local economy. Additionally, for every dollar spent on the EITC, \$1.24 is returned to the local

¹ <http://www.cbpp.org/research/lone-group-taxed-into-poverty-should-receive-a-larger-eitc>



economy.² We know that economic downturns happen, individuals spend less money in local economies. By providing more support to these EITC recipients, local economies will receive a much needed boost.

By increasing the value of the EITC for single filers, Maryland has the opportunity to invest in Marylanders who need it most. Doing so would provide much-needed tax relief to struggling demographics. Single filers that are unable to claim dependents are not eligible for many other safety net programs. The passage of HB 176, would reduce taxes for thousands of Marylanders, putting them on a path to long-term financial stability.

We urge a favorable report on HB 176 in order to reduce poverty, encourage work, and fuel Maryland's economy.

² <https://www.economy.com/mark-zandi/documents/2012-02-07-JEC-Payroll-Tax.pdf>