



Welfare Advocates

Founded 1979

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Senate Bill 218 Income Tax – Child Tax Credit and Expansion of the Earned Income Credit

House Ways and Means Committee
February 23, 2021

Support

Welfare Advocates is a statewide coalition of social service organizations, advocacy groups, faith communities, and community members, whose mission it is to educate ourselves, and the wider community and to advocate for an adequate safety net and public policies that support families moving towards economic stability.

Welfare Advocates supports SB 218, which creates a refundable tax credit to households with an adjusted gross income of \$6,000 that have a disabled child under the age of 17 and, as well as expand the state Earned Income Tax Credit (EITC) to tax filers who use Individual Taxpayer Identification Numbers (ITIN).

The EITC is one of the largest and most successful anti-poverty initiatives for low-income Marylanders, yet not all low-income tax filers can claim it. Immigrants and undocumented individuals are disproportionately impacted by the pandemic, while often simultaneously working in essential professions to keep Maryland safe and operating. Many low-income individuals and families use an Individual Taxpayer Identification Number (ITIN) to file taxes, but they are not currently eligible under state law to claim the EITC. All tax payers – regardless of what kind of number they use to file taxes - should be included in our State's tax relief efforts, as the harmful impact of this massive public health crisis does not differentiate between Marylanders with documented status and those without. This bill justly recognizes the contribution of immigrants to the fabric of our society by extending to them the benefits we extend to all tax payers.

Allowing all Maryland tax payers to claim the EITC is good for our state's economy. This money would boost local economies, as the additional income is often spent at neighborhood businesses on basic necessities such as clothing, food, and transportation. For every dollar spent by the state on the Earned Income Tax Credit, \$1.24 is returned to the state's economy. The EITC increases the economic security of low-income tax payers as they work to rebuild their lives in the wake of the pandemic, and we shouldn't differentiate between which tax payers receive this much needed relief based on what number they use to file their taxes.

The Earned Income Tax Credit is a tested, successful program. It engages Marylanders in the workforce, reduces the racial wealth gap, and grows our economy. Maryland should take advantage of past EITC success and continue to grow the program by allowing all low-income working Marylanders to receive the credit.

WA appreciates your consideration, and respectfully urges a favorable report on SB 218.

Submitted by Lisa Klingenmaier, Chair of Welfare Advocates
