

Testimony in Support of HB 176
Earned Income Tax Credit - Individuals Without Qualifying Children – Eligibility
Thursday, January 21st, 1:30 PM

TO: The Honorable Anne Kaiser, Chair, Alonzo Washington, Vice Chair, and Members of the House Ways and Means Committee

FROM: Tiffany Jones, Chair, Montgomery County Community Action Board

The Montgomery County Community Action Board strongly supports the passage of HB 176, which would make Maryland's EITC more valuable by matching the federal EITC at 100% for single filers without dependents.

As the governing body for the Montgomery County Community Action Agency, which seeks to advance social and economic mobility among communities and neighbors through services, partnerships, and advocacy using an equity lens, and as the county's designated antipoverty entity, the Board recognizes the positive impact that the EITC has in reducing poverty. The Community Action Board has previously advocated to support EITC increases at the federal, state and county level, including legislation to expand the EITC to younger workers without dependents. Our Board fundamentally believes that the EITC can be more powerful when more taxpayers have access, helping them put money into savings, pay off debts, and pay bills for necessities.

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--many low-wage workers who were already struggling have lost wages. Many single workers are underemployed, and/or may have also been unemployed for part of the year, so the credit is more valuable than ever in helping people to make ends meet. The Self-Sufficiency Standard, which measures the actual cost of living in a specific geographic location, is \$37,807 for a single adult in Montgomery County. This level of income is simply unattainable for a person earning even the maximum County minimum wage.

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.

Every year, the Community Action Agency's Volunteer Income Tax Assistance (VITA) program serves thousands of Marylanders with its multilingual EITC outreach campaign and free tax preparation, and our participants frequently share how they plan to use the EITC—to help with rent and to pay off bills, which improves the local economy. The CASH Campaign of Maryland notes that for every \$1 the state invests in the EITC, \$1.24 comes back to the economy.¹

¹ <http://cashmd.org/>

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Furthermore, Montgomery County's local EITC, the Working Families Income Supplement, matches the state EITC, making it even more powerful. Expanding eligibility will therefore have a double impact on single adults in Montgomery County, the state's most populous county.

We urge that you pass this Bill, which will provide a significant increase in the refund that single filers who are unable to claim dependents are currently able to receive.

Thank you for all you do to help our neighbors.