



SB 797- Human Services - CASH Campaign - Annual Appropriation
Appropriations Committee
March 29, 2022
SUPPORT

Chairwoman McIntosh, Vice-Chair and members of the committee, thank you for the opportunity to submit testimony in support of Senate Bill 797. This bill will increase the state grant to \$500,000 so we can continue to expand access to free tax preparation during these critical times.

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.**

In 2019, The General Assembly passed [HB 1411](#) which invests \$200,000 in CASH Campaign of Maryland as an annual appropriation to provide free tax returns to help low-income individuals and families avoid predatory fees and claim the Earned Income Tax Credit (EITC).

Increased Demand for Free Tax Preparation

The tax system was the main vehicle used to deliver relief from the effects of the pandemic. Federal and state tax credits like the EITC and Child Tax Credit (CTC) were expanded in scope and strengthened. Also, federal and state stimulus payments were dispersed through tax return information. For low to moderate income families to receive relief funds, they had to file a tax return.

The pandemic decreased our capability to provide our services by requiring virtual services, decreasing our partners capacity, and increasing the overall demand for our services. Last year in Baltimore City alone, CASH had 60,000 calls for assistance. CASH was able to serve 5,800. In a typical year, we serve 10,000 households in Baltimore. Despite the challenges and necessary limitations due to the global pandemic, CASH enabled Maryland residents to save \$3 million in tax preparation fees last year and delivered \$24 million in state and federal refunds directly to Marylanders.

Serving Marylanders Year Round

Tax preparation is no longer a seasonal activity from January to April. The last two tax seasons have been extended into the summer and Maryland has already extended its season to July. Many Marylanders needed to file to claim their stimulus payments, expanded EITC, and CTC after the tax season ended. Usually, we have a small back tax program in the summer to help those who are having compliance issues, but we needed to expand due to demand. For example, CASH processed tax returns from January until October 29th in 2021. To serve counties across the state, CASH hires seasonal workers who are site managers to support our work and provide services. Longer tax seasons allows for more people to be served, and it increases the cost for us to support our partners and site managers.

CASH is excited that the federal and state government is using the tax code to boost families from poverty and deliver additional support. We will use the increase to our state grant to strengthen free tax preparation infrastructure which will ensure that Maryland families receive their full refunds.

For these reasons, we encourage a favorable report on SB 797.

Creating Assets, Savings and Hope