

March 9, 2022

**Testimony on Senate Bill 805**  
**Income Tax – Child Tax Credit – Alterations and Sunset Extension**  
**Senate Budget and Taxation Committee**

**Position: Favorable**

Maryland Nonprofits is a statewide association of more than 1400 nonprofit organizations and institutions. We strongly urge you to support Senate Bill 805 to preserve and expand the benefits of the Child Tax Credit created by Chapter 40 of 2021.

The Child Tax Credit is an important step in combating childhood poverty. Senate Bill 805 will help low-income families and children in poverty by establishing a permanent credit and expanding eligibility requirements for Maryland families. Currently, Maryland's Child Tax Credit is set to expire in 2023. Currently, the credit is only available to those with incomes under \$6000 a year, and it penalizes families for receiving the federal CTC.

Senate Bill 805 can improve parents' connection to the workforce, which will result in stronger families. Working can be expensive for families. Parents must have childcare, transportation, and other support to be able to participate in the workforce. By establishing a stronger Maryland CTC, families can receive money that can be directly used to manage some of these factors. This means that these families will have a higher opportunity to increase work hours, therefore increasing that family's income for longer than the initial credit. Research has shown that the Child Tax Credit increases labor force participation for single mother's and has the most impact on mothers with young children from 3-5 years old<sup>2</sup>.

The Child Tax Credit is one of the most power tools governments use to lift children out of poverty. It is the most effective tool for cutting childhood poverty. Senate Bill 805 will improve last year's legislation by expanding the credit and reaching more Maryland families.

**We urge you to give Senate Bill 805 a favorable report.**