

SB0805 Testimony.pdf

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TO: Senator Guy Guzzone, Chair
Senator Jim Rosapepe, Vice Chair
Budget and Taxation Committee Members

FROM: Maryland Legislative Latino Caucus (MLLC)

DATE: 03/9/2022

RE: SB0805: Income Tax Child Tax Credit Alterations and Sunset Extension

The MLLC supports SB0805: Income Tax Child Tax Credit Alterations and Sunset Extension

The MLLC is a bipartisan group of Senators and Delegates committed to supporting legislation that improves the lives of Latinos throughout our state. The MLLC is a crucial voice in the development of public policy that uplifts the Latino community and benefits the state of Maryland. Thank you for allowing us the opportunity to express our support of SB0805.

Current federal Child Tax Credit (CTC) law excludes certain families from the federal tax credit because of their very low income or because they are not U.S. citizens. These exclusions in the federal tax credit have prohibited 10% of children in the U.S. from receiving any money from the Child Tax Credit. Recent reports indicate that approximately 3.7 million kids fell back into poverty when the expansion of the federal child tax credit concluded last year.¹ The Child Tax Credit Is Essential for Reducing the U.S. Child Poverty Rate. The CTC is an important program for Hispanic children who comprise roughly 26% of U.S. children, but account for 41% of all children living in poverty.² Reducing Hispanic child poverty is essential to reducing U.S. child poverty overall. The lowest income families often do not have tax liabilities and, without refundability, effectively do not earn enough money to receive the cash portion of the credit due to the income test. Families in the lowest income quartile receive an average of \$1,600 less in total child credits (refundable and non) than middle-income families.³

This bill will expand and extend the Child Tax Credit that was created in 2021 (specifically for families with a child with a disability and whose income is less than \$6,000 annually) to help more low-income families who have children. This tax credit would supplement the federal Child Tax Credit to assist families that are excluded from the federal tax credit because of their very low income or because they are not U.S. citizens. Passing this bill is a step we must take to equitably rebuild our economy in the wake of COVID-19.

For these reasons, the Maryland Legislative Latino Caucus respectfully requests a favorable report on SB0805.

1. Zeballos-Roig J. 3.7 million kids slipped back into poverty after the Biden child tax credit expired - and Congress isn't restoring it soon. Business Insider. <https://www.businessinsider.com/child-poverty-biden-child-tax-credit-ended-congress-2022-2>. Published February 18, 2022. Accessed March 1, 2022.
2. National Academies of Sciences Engineering and Medicine. A Roadmap to Reducing Child Poverty. Unpublished Appendix: TRIM3 Summary Tables. Baseline. Washington, DC: The National Academies Press; 2019.
3. Maag, Elaine, Rob McClelland, and C. Eugene Steurle. 2020. "Boosting Wages or Helping Children? Understanding How New Earnings and Child Tax Credit Proposals Impact Income Inequality and Vulnerable Children." Washington, DC: Tax Policy Center. Available at: https://www.urban.org/sites/default/files/publication/102612/boosting-wages-or-helping-children-understanding-how-new-earnings-and-child-tax-credit-proposals-impact-income-inequality-and-vulnerable-children_v2.pdf, Accessed February 27, 2022.

Senate Bill 805_FWA.docx (1).pdf

Uploaded by: Shamoyia Gardiner

Position: FWA

TESTIMONY IN SUPPORT

with Amendments

Testimony to the Budget & Taxation Committee
in amended support of
Senate Bill 805: Income Tax – Child Tax Credit – Alterations and Sunset Extension
March 9, 2022

Strong Schools Maryland urges a favorable vote on an amended Senate Bill 805: Income Tax – Child Tax Credit – Alterations and Sunset Extension.

The Blueprint for Maryland’s Future envisions a world-class system of public schools for our state’s students. The Kirwan Commission’s far-ranging research in early childhood education led them to make recommendations that function outside of the traditional K-12 system. Similarly, the General Assembly saw fit to support policies that invest in Judy and Patty centers, recognizing the intergenerational benefit of supporting entire families with young children early on. Further, both the Commission and the General Assembly prioritized addressing the impacts of concentrated poverty on student and school success.

Senate Bill 805 seeks to expand the eligibility for the state child tax credit to families earning up to \$15,000 annually and those with children under the age of six, regardless of the child(ren)’s disability status. We understand the intended outcome of this bill to be beneficial for families and expect that decreasing familial poverty will contribute to long-term positive outcomes for children in the state.

However, we also see several key opportunities to broaden the impact of the legislation via amendment:

- Require the State Comptroller to widely publicize this tax credit eligibility information in at least the top five widely-used languages in Maryland
- Require the State Comptroller and/or State Department of Education to share this information directly with child care and early education providers across the state (including Patty and Judy Centers), to increase the likelihood that eligible Marylanders will know of and take advantage of this benefit
- Require the State Comptroller to collaborate with trusted groups to address inequitable access to such benefits in vulnerable (particularly immigrant and mixed-status) communities

Senate Bill 805 would go a long way towards creating the world-class system of education our children deserve—by first extending benefits to families experiencing deep poverty in Maryland. There is much more that can and should be done to strengthen the sentiment of this bill, and so we respectfully urge an amended favorable report on the bill.

Thank you,

Shamoyia Gardiner | Executive Director
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