



**Montgomery County Community Action Board Testimony in Support of SB 805
Income Tax – Child Tax Credit – Alterations and Sunset Extension
March 9, 2022**

TO: The Honorable Guy Guzzone, Chair; The Honorable Jim Rosapepe, Vice Chair; and Members of the Budget and Taxation Committee

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

The Montgomery County Community Action Board, the County’s federally designated anti-poverty group, strongly supports SB 805 and asks the Committee for a favorable report. SB 805 will help low-income families and children in poverty by extending the state’s Child Tax Credit through tax year 2026 and expanding eligibility to families earning \$15,000 or less and include children under age six and will continue to include children with disabilities.

Child Tax Credits provide critical support to lower-income households. These credits have been linked to numerous positive effects on families. Similar to the Earned Income Tax Credit, research has shown a strong connection between Child Tax Credits and increased birthweights¹, with larger impacts for births to African American women, improved maternal health², and decreases in children entering foster care³. These credits also have a greater impact on reducing poverty for households of color⁴.

In Montgomery County, the changes proposed in this bill can have a significant impact on eligible families because the cost of living is so high. If SB 805 passes, the CTC would be available to households earning \$15,000 or less. This is only a small fraction of the annual income needed to be self-sufficient in Montgomery County (\$91,252 for a family of four with two adults, one preschooler, and one school-age child)⁵. This bill would therefore target the very lowest-income households who are struggling the most to pay for basic necessities. The \$500 credit per child could make a substantial difference for these families.

The CTC is the most effective tool for cutting the rate of childhood poverty. SB 805 is a step in the right direction by making the CTC available to more families, but we hope the Committee will also consider further expansions in the years to come.

For these reasons, we encourage a favorable report on SB 805.

¹ <https://pubs.aeaweb.org/doi/pdfplus/10.1257/pol.20120179>

² https://www.kellogg.northwestern.edu/faculty/garthwaite/htm/EITC_Health_Final_Draft.pdf

³ <https://journals.sagepub.com/doi/full/10.1177/1077559519900922>

⁴ <https://www.cbpp.org/research/state-budget-and-tax/state-earned-income-tax-credits-help-build-opportunity-for-people-of>

⁵ <http://www.selfsufficiencystandard.org/>