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Budget and Taxation Committee

Chair
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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

SPONSOR STATEMENT

Senate Bill 805 – Maryland Child Tax Credit

March 9, 2022

Mister Chairman and Members of the Budget and Taxation Committee:

Thirteen percent of Maryland children age 0-5 are living below the federal poverty line. We know that children who grow up in poverty experience lifelong disadvantages. Even a small boost in family income can help negate the negative impacts of poverty on children including low birthweight, impaired physical health and developmental delays.

Understanding the importance of even a small boost in income, the General Assembly last year passed legislation that created a refundable credit against the State income tax equal to \$500 for each dependent child who is a qualified dependent under Section 152 of the IRC, and is under the age of 17 and has a disability. In order to qualify for the credit, a taxpayer must have federal adjusted gross income of \$6,000 or less.

The legislation further required that the credit be reduced by the amount of any federal child tax credit claimed for a qualified child in the year and that the state tax credit could only be claimed in tax years 2020 through 2022.

Senate Bill 805 will build on last year's legislation by:

1. Increasing the maximum federal adjusted gross income that a taxpayer can earn from \$6,000 or less to \$15,000 or less;
2. Expanding the credit to dependents under the age of six years;
3. Eliminating the requirement that the taxpayer reduce the value of the credit by the amount of the federal child tax credit claimed;
4. Removing the 2022 tax year sunset and extending the tax credit through tax year 2026.

As we continue our work to help Maryland families rise out of poverty, this legislation will build on last year's work and be another tool to assist our most vulnerable families, and so I respectfully request a favorable report on Senate Bill 805.