



SB 805 - Income Tax – Child Tax Credit – Alterations and Sunset Extension
Senate Budget and Taxation Committee
March 9, 2022
SUPPORT

Chair Guzzone, Vice-Chair, and members of the committee thank you for the opportunity to testify today in support of SB 805. This bill will extend and expand the Maryland Child Tax Credit (CTC). This credit will be for people who make under \$15,000 and have a child under 6 years old or a child under 17 who has a disability.

Tax Credits for Maryland Families (TCMF) is a coalition of more than 20 organizations committed to educating policymakers and the public about the state's working family tax credits, the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC). **The coalition identifies opportunities to strengthen the state tax credits and ensure the credits are reaching all eligible taxpayers.**

Last year, the Maryland General Assembly passed historic legislation, [Senate Bill 218](#), which created the state's first CTC. This created a temporary credit for families that make under \$6,000 and have a child that is under 17 years old and has a disability. The credit can be claimed for up to \$500 and only if the family did not receive the maximum federal CTC. **This legislation was an important step at combating childhood poverty through tax credits; however, it is inadequate in continuing to provide low-income families relief.**

SB 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 CTC is set to expire in 2023, restricts income to under \$6,000 a year, and penalizes families for receiving the federal CTC. This legislation would extend the credit so Maryland families can continue to claim it through 2026. This bill will also increase the income eligibility requirements to \$15,000, include all children 6 and younger, and allow families to claim the credit even if they receive the federal CTC.

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

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