



Montgomery County Community Action Board Testimony in Opposition to SB404 Working Marylanders Tax Relief

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

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

DATE: February 7, 2022

The Montgomery County Community Action Board, the County's federally designated anti-poverty group, is opposed to SB404 because it does not maintain Earned Income Tax Credit (EITC) eligibility for all taxpayers. The EITC has been a longstanding priority for our board because it is one of the best tools available to reduce poverty and increase self-sufficiency for lower-income households. In addition to lifting people out of poverty, research has linked the EITC to numerous positive outcomes, including improvements in child and maternal health, increased birthweight, improved academic achievement for children, economic mobility, and improved overall physical and mental health.

We supported the expansions of the Maryland EITC last year, which increased the value of the credit to a 45% match of the federal EITC for households with dependents and a 100% match for those without. The expansions also allowed ITIN taxpayers to receive the credit for the first time. These expansions are particularly significant here in Montgomery County where our local credit, the Working Families Income Supplement (WFIS), matches the state EITC. The impact on lower-income households is substantial. This year, it is estimated that for filers with dependents, the average Maryland EITC will increase to about \$1,100 and \$375 for filers without dependents. These credits are then doubled by the WFIS.

By excluding ITIN taxpayers, SB404 does not do enough to ensure that hardworking Marylanders receive this critical support. Our board reviews all legislation and policies utilizing an equity lens. Because a disproportionate number of ITIN taxpayers are people of color, SB404 is not equitable in its expansion of the EITC. Furthermore, ITIN filers, who are served by free tax programs like the Montgomery County Community Action Agency's Volunteer Income Tax Assistance (VITA) program, are often ineligible for other programs, and this makes the Maryland EITC even more impactful for them. About 5,300 taxpayers here in Montgomery County filed with an ITIN in 2019, and the number of households who are eligible to apply for an ITIN and could potentially receive these credits, is much larger.

We ask the Committee to oppose SB404 and to instead support legislation that includes ITIN taxpayers in making the current expansions to the EITC permanent.