

# **HB 252\_SB 369\_Tax Preperation Assistance\_MCAP Supp**

Uploaded by: Angela Martin

Position: FAV



1/27/2022

**Re: Support of HB 252/SB 369 – Income Tax Return Preparation Assistance Program for Low-Income Families**

Dear Members,

I am writing on behalf of the Maryland Community Action Partnership (MCAP) to urge your support of HB 252/SB 369 – Income Tax Return Preparation Assistance Program for Low-Income Families.

The Maryland Community Action Partnership (MCAP) is a statewide non-profit organization comprised of Maryland's 17 Community Action Agencies, which collectively serve every Maryland county. Together, we work toward eradicating homelessness and poverty to realize our vision of ensuring that all Maryland individuals and families are stable, economically secure, and live in safe and thriving communities.

MCAP supports HB 252/SB 369 because of its effects on the individuals and families with low-income that our organizations serve.

**If passed, the bill would:**

- Ensure access to tax preparation assistance for individuals and families with low-income.
- Provide eligible taxpayers with prepared income tax returns and amended income tax returns by using data already collected by the Comptroller from reports from employers and other sources. This service would be provided without regard to filing status for the current taxable year and the three immediately preceding taxable years.
- Prohibit a tax collector from assessing a penalty to program participants, under certain circumstances, regarding any unpaid tax.

There has been a proven correlation between enabling access to tax credits through the provision of tax preparation assistance and reducing the impacts of poverty on individuals and families. By enhancing and simplifying access to tax preparation assistance for Marylanders with low-income, our state will be providing critical support toward the goal of helping our most vulnerable citizens to reach economic security.

If there is any additional information that I can provide for you as you consider this bill, I would be happy to help. You can contact me at [amartin@maryland-cap.org](mailto:amartin@maryland-cap.org), or by calling 205-757-0764.

Sincerely,

A handwritten signature in black ink, appearing to read "Angela Martin", written over a solid black line.

Angela Martin, Executive Director

# **SB369 - Return Preparation Assistance Program for**

Uploaded by: Dakota Matthews

Position: FAV



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*Charlotte Davis, Executive Director*

*John Hartline, Chair*

Testimony in Support of  
Senate Bill 369 - Return Preparation Assistance Program for Low-Income Families  
Senate Budget and Taxation Committee  
February 08, 2022

**The Rural Maryland Council supports Senate Bill 369 - Income Tax - Return Preparation Assistance Program for Low-Income Families.** The bill establishes the Income Tax Return Preparation Assistance Program for Low-Income Families in the Office of the Comptroller and will provide assistance to families who qualify for the Earned Income Tax Credit.

The Earned Income Tax Credit (EITC) is highly beneficial to low-income families by reducing the amount of income tax owed and refunding taxes paid through employment. The EITC is a benefit for working people with low to moderate income. Those who qualify for the federal EITC claim it on their personal income tax return. Maryland offers an additional State EITC equal to 50% of the federal tax credit. Unfortunately, many families do not utilize the earned income tax credit through various reasons but of most concern is unawareness of the tax credit. Outreach to those families who miss the EITC opportunity could lift them out of financial hardship or assist them in a time of great need.

Maryland's rural areas often report higher rates of poverty compared to their urban and suburban counterparts. The poverty rate in Somerset County is currently reported at 22.2% by the US Census Bureau. (<https://www.census.gov/quickfacts/somersetcountymaryland>). Allegany County's poverty rate is 14.7%. (<https://www.census.gov/quickfacts/alleganycountymaryland>). This program will encourage the utilization of the EITC and provide financial benefits to low-income families.

The Rural Maryland Council respectfully requests your favorable support of Senate Bill 369.

*The Rural Maryland Council (RMC) is an independent state agency governed by a nonpartisan, 40-member board that consists of inclusive representation from the federal, state, regional, county and municipal governments, as well as the for-profit and nonprofit sectors. We bring together federal, state, county and municipal government officials as well as representatives of the for-profit and nonprofit sectors to identify challenges unique to rural communities and to craft public policy, programmatic or regulatory solutions.*

# **Support SB 369 to B&T Tax Return Assistance EITC.p**

Uploaded by: Henry Bogdan

Position: FAV

February 8, 2022

**Testimony on Senate Bill 369**  
**Income Tax - Return Preparation Assistance Program for Low-Income Families**  
**Senate Budget and Taxation Committee**

**Position: Favorable**

Maryland Nonprofits is a statewide association of more than 1300 nonprofit organizations and institutions. We urge you to support Senate Bill 369 to establish a program for tax return preparation assistance that would maximize participation of low-income families in the Earned Income Tax Credit.

The Earned Income Tax Credit (EITC) is one of the most powerful anti-poverty tools utilized by federal, state, and local governments. It has shown to substantially benefit women and communities of color and helps keep people engaged in the workforce. Right now, low-income workers are fighting to gain or maintain financial security while being taxed further into poverty. However, federal, state, and local governments have taken the opportunity to strengthen the EITC and deliver additional aid to millions of low-income workers.

Unfortunately in Maryland almost a quarter of eligible taxpayers are still not receiving this benefit, missing out on funds that could lift them out of poverty and provide additional money for things like groceries, housing expenses, childcare, and other necessities. A Return Preparation Assistance Program for Low-Income Families can help reach the most vulnerable families and ensure that families that missed out on the credit in past years are able to claim the credit.

**We urge you to give Senate Bill 369 a favorable report**

# **WDC Testimony SB0369-2022\_FINAL.pdf**

Uploaded by: JoAnne Koravos

Position: FAV



MONTGOMERY COUNTY, MARYLAND  
WOMEN'S DEMOCRATIC CLUB

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[www.womensdemocraticclub.org](http://www.womensdemocraticclub.org)

**Senate Bill 0369**  
**Income Tax - Return Preparation Assistance Program for Low-Income Families**  
**Budget and Taxation Committee – February 8, 2022**  
**SUPPORT**

Thank you for this opportunity to submit written testimony concerning an important priority of the **Montgomery County Women's Democratic Club (WDC)** for the 2022 legislative session. WDC is one of the largest and most active Democratic Clubs in our County with hundreds of politically active women and men, including many elected officials.

WDC urges the passage of **SB0369 - Income Tax - Return Preparation Assistance Program for Low-Income Families**. This bill will increase the number of low-income working families who receive the Maryland Earned Income Tax Credit (EITC) by identifying eligible taxpayers who have failed to claim this credit and requiring the Comptroller to send them a pre-filled out tax return to review, sign and return.

The EITC is designed to incentivize work and help reduce poverty, particularly for families with children. Yet, about 25 percent of Marylanders who are eligible for the EITC do not claim the credit—a number that has been increasing in recent years. About two-thirds of these EITC eligible taxpayers do not file income tax returns because their incomes are so low that they are not required to file a tax return. This leaves an estimated \$304 million in federal credits unclaimed by Maryland taxpayers and in turn unspent in Maryland's economy.

Twenty-four percent of female-headed households and twelve percent of Maryland children live in households below the poverty line. Studies have shown that the EITC is one of the most effective ways to lift a family out of poverty. EITC has kept more children living above the poverty line than any other tax credit program. The Center for Disease Control (CDC) has found by reducing poverty and increasing income for working families, EITC has also been linked to positive health outcomes, particularly for infants and mothers, including a reduction in the low birthweight rate of infants.

**We ask for your support for SB0369 and strongly urge a favorable Committee report.**

Respectfully,

Leslie Milano  
President

**SB369\_MD Center on Economic Policy\_FAV.pdf**

Uploaded by: Kali Schumitz

Position: FAV



FEBRUARY 8, 2022

# Increasing Reach of Earned Income Tax Credit Will Benefit Maryland Families and our Economy

## Position Statement Supporting Senate Bill 369

*Given before the Senate Budget and Taxation Committee*

The federal and state Earned Income Tax Credits (EITC) help hundreds of thousands of working Marylanders who struggle to get by due to low wages and also boost the economy. However, many eligible Marylanders don't receive the benefits of this effective anti-poverty tool even though they are eligible. **The Maryland Center on Economic Policy supports Senate Bill 369 because it provides a simple, innovative approach to ensure more eligible Marylanders receive the state EITC.**

Nearly 390,000 Maryland families received an income boost from the federal EITC last year. However, about 1 in 4 who are eligible don't receive it, according to IRS data<sup>1</sup>. The number of eligible Marylanders who aren't receiving the credit has gradually increased over the last decade, suggesting that the current outreach, education, and free tax preparation services alone aren't enough. People with very low incomes often don't earn enough to be required to file a tax return every year and may not be aware that they are missing out on refundable credits.

SB 369 would require the Comptroller's office to use available income and tax data from the IRS and state tax systems to identify people who appear to be eligible for the EITC but either did not file a state tax return or did not claim the EITC on their state return. The office would then send a notification to those individuals, including a pre-filled out tax return or amended tax return form, so the recipient can simply review the information, sign, and return the documents. New York City has had a similar program since 2006, working in partnership with the IRS, that has helped residents access millions of dollars in federal, state, and city tax credits each year<sup>2</sup>.

It's important to ensure all eligible Marylanders are receiving the EITC because it can have such a powerful impact on people's lives. Nationwide about 5.7 million people are lifted out of poverty each year because of the EITC.<sup>3</sup> Research shows that reducing poverty through the EITC, especially for children, has significant long-term benefits, such as experiencing better health, doing better in school, and earning higher incomes later in life. It is also good for our economy, as families living paycheck-to-paycheck who receive the EITC are likely to spend their refunds on immediate needs like car repairs, clothing, or school supplies. Every dollar invested in the EITC generates \$1.23 of economic activity, according to one estimate.<sup>4</sup>

Further, this is a critical moment to take this approach because both Congress and the General Assembly passed legislation expanding the EITC in 2021, meaning many people are eligible to claim the credit for the first time and may not be aware of the recent changes. An outreach program that makes it simple for Marylanders to access this valuable credit would be a powerful tool for increasing economic security and access to opportunity.

**For these reasons, the Maryland Center on Economic Policy respectfully requests that the Budget and Taxation Committee make a favorable report on Senate Bill 369.**

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## Equity Impact Analysis: Senate Bill 369

### *Bill summary*

Senate Bill 369 increases the power of Maryland's Earned Income Tax Credit by ensuring more people who are eligible for the credit receive it. It does this by creating a program in the Comptroller's Office to identify people who are likely eligible for the EITC but did not file a tax return or did not claim the EITC on their return and send prepared tax forms to those individuals to review, sign and return.

### *Background*

About 1 in 4 Marylanders who were eligible for the federal EITC did not claim it in 2018, the most recent year for which IRS data are available. Maryland's EITC participation rate has been slowly declining, from nearly 80% in tax year 2011 to around 75% in tax years 2017 and 2018. Similar data are not available for the state level, but Maryland has taken positive steps to expand eligibility for the state EITC in recent years, meaning there are some people who can receive the state credit but not the federal one.

### *Equity Implications*

- Due to various structural barriers to opportunity, Black and Latinx workers are far more likely than white workers to earn poverty-level wages and are therefore more likely to qualify for the EITC. While state and federal EITCs serve a larger number of white households than households in any other racial or ethnic group, they serve a larger proportion of people of color.
- EITCs also have a disproportionate impact in reducing poverty rates among households of color.<sup>5</sup>

### *Impact*

Senate Bill 369 would likely **improve racial and economic equity** in Maryland.

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<sup>1</sup> IRS, EITC Participation Rates By State For Tax Years 2011 through 2018." <https://www.etc.irs.gov/etc-central/statistics-for-tax-returns-with-etc/statistics-for-tax-returns-with-the-earned-income>

<sup>2</sup> Testimony of Assistant Commissioner Sam Miller, New York City Department of Finance, on the Earned Income Tax Credit Mailing Project, November 2009. [http://clkrep.lacity.org/onlinedocs/2009/09-2750\\_misc\\_11-17-09.pdf](http://clkrep.lacity.org/onlinedocs/2009/09-2750_misc_11-17-09.pdf)

<sup>3</sup> Center on Budget and Policy Priorities, "The Earned Income Tax Credit: A Powerful Tool to Fight Poverty and Reward Work in Maryland," 2019. [https://www.cbpp-multimedia.org/1-25-19tax/1-25-19tax\\_etc\\_maryland\\_statewide.pdf](https://www.cbpp-multimedia.org/1-25-19tax/1-25-19tax_etc_maryland_statewide.pdf)

<sup>4</sup> Mark Zandi, "An Analysis of the Obama Jobs Plan." Moody's Analytics, Sept. 9, 2011. <https://www.economy.com/dismal/analysis/free/224641>

<sup>5</sup> Michael Leachman et. al. "Advancing Racial Equity With State Tax Policy," Center on Budget and Policy Priorities, Nov. 15, 2018. <https://www.cbpp.org/research/state-budget-and-tax/advancing-racial-equity-with-state-tax-policy>

# **Community Action Board Testimony\_SB369\_Income Tax**

Uploaded by: Leslie Frey

Position: FAV



Montgomery County Community Action Board Testimony in Support of SB369  
Income Tax – Return Preparation Assistance Program for Low-Income Families  
February 8, 2022

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

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

On behalf of the Montgomery County Community Action Board, the County’s federally designated anti-poverty group, we strongly support SB369. The Earned Income Tax Credit, along with free tax assistance programs that can link people to these credits, have been longtime priorities for our board. Extensive research indicates that the EITC is one of the best tools available to not only lift people out of poverty<sup>1</sup>, but also reduce health disparities<sup>2</sup> and improve educational outcomes for children<sup>3</sup>. The EITC, is also a racial equity tool as research has shown its greater impact on reducing poverty for households of color<sup>4</sup>.

Unfortunately, about one in five households who are eligible for Earned Income Tax Credit do not receive it or do not file their taxes. Programs such as the Montgomery County Community Action Agency’s Volunteer Income Tax Assistance (VITA) Program, along with VITA programs across the state, do an exceptional job of ensuring that lower-income filers receive all of the credits for which they are eligible. VITA programs cannot reach everyone though, and that is why the program at the Comptroller’s Office proposed in this bill would be helpful. The program would identify individuals who did not file their taxes but would have been eligible to receive the EITC, prepare their return, and offer them the opportunity to file their return without penalty. Doing so would link these households with the EITC and ensure that their families can benefit from this added support.

This bill is significant this year due to the recent expansions of the Maryland EITC, which our board hopes will become permanent. The value of the EITC increased for both filers with dependents and those without. Additionally, ITIN filers are now eligible for the state EITC *for the very first time*. These expansions mean that the average credit for filers with dependents will increase to \$1,100 and the average credit for filers without dependents will increase from \$75 to \$375. These state credits, in addition to the federal EITC and Montgomery County’s Working Families Income

<sup>1</sup> <https://www.cbpp.org/research/federal-tax/the-earned-income-tax-credit>

<sup>2</sup> [https://www.kellogg.northwestern.edu/faculty/garthwaite/htm/EITC\\_Health\\_Final\\_Draft.pdf](https://www.kellogg.northwestern.edu/faculty/garthwaite/htm/EITC_Health_Final_Draft.pdf) and <http://ftp.iza.org/dp12417.pdf>

<sup>3</sup> [https://www.nber.org/system/files/working\\_papers/w14599/w14599.pdf](https://www.nber.org/system/files/working_papers/w14599/w14599.pdf)

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

Supplement, can have a significant impact on households who are struggling to afford the basic necessities. This is especially important here in Montgomery County where the Self-Sufficiency Standard for a family of four with two adults, one infant, and one preschooler is an astounding \$105,925. Tax credits help lower-income households move towards self-sufficiency and the proposed program would help to ensure that more people receive these credits.

We strongly recommend passage of SB369 and we encourage the Committee to consider other policies that will help connect Maryland families with all of the credits for which they are eligible.

**WA- SB 369 -Tax Prep Low-Income Families - Fav.pdf**

Uploaded by: Lisa Klingenmaier

Position: FAV



# Welfare Advocates

Founded 1979

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## Senate Bill 369

### Income Tax – Return Preparation Assistance Program for Low-Income Families

Senate Budget and Taxation Committee

February 8, 2022

#### Support

*Welfare Advocates is a statewide coalition of social service organizations, advocacy groups, faith communities, and community members, whose mission it is to educate ourselves, and the wider community and to advocate for an adequate safety net and public policies that support families moving towards economic stability.*

**Welfare Advocates supports SB 369**, which creates an Income Tax Return Preparation Assistance Program for Low-Income Families administered by the Comptroller that will provide eligible tax filers prepared income tax returns by using data already collected by the State.

**The Earned Income Tax Credit (EITC) is one of the largest and most successful anti-poverty initiatives for low-income Marylanders, yet many eligible Maryland households do not claim the credit.** Approximately 25% of eligible Marylanders do not claim the credit, which is worse than the national EITC participation rate.<sup>1</sup> All tax payers who are financially eligible for the EITC should participate in the program, but research shows that individuals who are self-employed, living with a disability, live in rural areas, are not proficient in English, or have recent changes in their household makeup are most likely to not claim the EITC. Moreover, studies demonstrate a key way to engage households in claiming the EITC is by sending completed tax forms to eligible households, as suggested in SB 369.<sup>2</sup>

**Assisting eligible Maryland households to claim the EITC, through bills like SB 369, is good for our state's economy.** Money received through the EITC boosts local economies, as the additional income is often spent at neighborhood businesses on basic necessities such as clothing, food, and transportation. For every dollar spent by the state on the Earned Income Tax Credit, \$1.24 is returned to the state's economy. The EITC increases the economic security of low-income tax payers as they work to rebuild their lives in the wake of the pandemic, and our state should pursue all available avenues to assist households with claiming the EITC.

The Earned Income Tax Credit is a tested, successful program. It engages Marylanders in the workforce, reduces the racial wealth gap, and grows our economy. Maryland should take advantage of past EITC success and continue to grow the program by assisting low-income working households to receive the credit.

**WA appreciates your consideration, and respectfully urges a favorable report on SB 369.**

Submitted by Lisa Klingenmaier, Chair of Welfare Advocates

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<sup>1</sup> IRS Return Data, 20219

<sup>2</sup> CBPP. 2021. *States Can Adopt or Expand EITC to Build Equitable, Inclusive Communities and Economies*

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**MD Catholic Conference\_FAV\_SB0369.pdf**

Uploaded by: MJ Kraska

Position: FAV



ARCHDIOCESE OF BALTIMORE † ARCHDIOCESE OF WASHINGTON † DIOCESE OF WILMINGTON

**February 08, 2022**

**HB 369**

**Income Tax - Return Preparation Assistance Program for Low-Income Families**

**Senate Budget & Taxation Committee**

**Position: Support**

The Maryland Catholic Conference (“Conference”) represents the public-policy interests of the three Roman Catholic (arch) dioceses serving Maryland: the Archdiocese of Baltimore, the Archdiocese of Washington, and the Diocese of Wilmington.

Senate Bill 369 establishes the Income Tax Return Preparation Assistance Program for Low–Income Families; requiring the Comptroller, for certain taxable years, to prepare, as a part of the Program, certain income tax returns and amended income tax returns for certain eligible taxpayers; requiring the Comptroller to provide certain notice to eligible taxpayers concerning the Program; prohibiting a tax collector from assessing a certain penalty under certain circumstances; and generally relating to the Income Tax Return Preparation Assistance Program for Low–Income Families

The basis for all that the Church believes about the moral dimensions of economic life is its vision of the transcendent worth—the sacredness—of human beings. The Second Vatican Council stated, “*The dignity of the human person, realized in community with others, is the criterion against which all aspects of economic life must be measured.*” All human beings, therefore, are ends to be served by the institutions that make up the economy, not means to be exploited for more narrowly defined goals. Senate Bill 369 affords low-income Marylanders the opportunity to attend tax preparation programs in pursuit of economic justice and a common good within society.

The Conference appreciates your consideration and respectfully urges a favorable report for Senate Bill 369.

# **CASH\_ SB 369-Income Tax - Return Preparation Assis**

Uploaded by: Robin McKinney

Position: FAV



**SB 369- Income Tax - Return Preparation Assistance Program for Low-Income Families**  
**Senate Budget and Taxation Committee**  
**February 8, 2022**  
**SUPPORT**

Chairman Guzzone, Vice-chair, and members of the committee, thank you for the opportunity to testify in support of Senate Bill 369. This bill will create the Income Tax Return Preparation Assistance Program for Low-Income Families.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

Maryland is one of the 30 states that values their hard-working, low-income citizens by offering a state version of the Earned Income Tax Credit (EITC). This credit is known as one of the most powerful anti-poverty tools utilized by federal, state, and local governments. It has shown to substantially benefit women, communities of color, and low-income workers. Right now, low-income workers are fighting to gain or maintain financial security while being taxed further into poverty. Federal, state, and local governments have taken the initiative to strengthen the EITC and deliver additional aid to millions of low-income workers.

Fortunately, Maryland and the federal government have extended the eligibility and the overall worth of the EITC. For Maryland, this means that there was over \$260 million in additional EITC funds that went directly to low-income workers. Unfortunately, around 20% of EITC eligible Marylanders do not claim the credit. These households are missing out on funds that could lift them out of poverty and provide additional money for things like groceries, housing expenses, childcare, and other necessities. Now more than ever there is a demand for free tax preparation and many people have even been waitlisted. Long waitlists also result in households missing out on funds. A return preparation assistance program for low-income families can help reach the most vulnerable families and ensure that families that missed out on the credit in past years are able to claim the credit.

***It is important to increase EITC participation rates because the credit has many benefits for individuals and the economy:***

- It provides a boost to low income working families which strengthens their connection to the workforce.
- It allows people to pay for transportation costs, secure childcare, or receive additional education or training.
- It creates financial security for these families by providing money for groceries, utilities, medical expenses, and emergencies. This creates a stronger economy. *For every dollar spent on the EITC, \$1.24 is returned to the local economy.*

SB 369 will help low income working families by requiring the Comptroller to prepare and amend tax returns for eligible taxpayers, requiring the Comptroller Office to notify eligible taxpayers of the program, and prohibiting tax collectors from accessing certain penalties.

***For these reasons, we encourage a favorable report on SB 369.***

*Creating Assets, Savings and Hope*

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# **SB369 Sponsor Testimony.pdf**

Uploaded by: Senator Nancy King

Position: FAV

NANCY J. KING  
*Legislative District 39*  
Montgomery County

MAJORITY LEADER

Budget and Taxation Committee

*Chair*  
Education, Business and  
Administration Subcommittee



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THE SENATE OF MARYLAND  
ANNAPOLIS, MARYLAND 21401

**SPONSOR STATEMENT**

**Senate Bill 369 – Income Tax – Return Preparation Assistance Program for Low-Income Families**

February 8, 2022

Mister Chairman and Members of the Budget and Taxation Committee:

The Earned Income Tax Credit (EITC) is considered to be the largest and most successful anti-poverty program in the United States. Maryland is one of over thirty states that also offers a State version of the EITC. Nationally, the IRS estimates that about 22% of all eligible taxpayers do not claim the earned income tax credit. In Maryland, the participation rate is even lower, as around 24% of eligible taxpayers do not claim the credit.

This lower participation rate suggests that current free tax preparation, outreach and education alone is not enough. People with very low incomes often don't earn enough to be required to file a tax return and may not be aware that they are missing out on refundable credits and outreach and free tax preparation is not as widespread in some areas of the state.

Senate Bill 369 will require the Comptroller's office to use readily available income and tax data from both the IRS and state tax systems to identify residents who are eligible for the EITC but did not file a state return or did not claim the EITC on their return. The Comptroller's office would then send those eligible residents a prepared tax return or amended return which the resident would then review, sign and return.

Reducing poverty through the EITC, has significant long-term benefits for families and is also good for the state's economy with families spending their refunds on needed basics of food, clothing and shelter. As we continue to work to help Maryland families, this legislation will be one more tool to assist our most vulnerable families and so I respectfully request a favorable report on Senate Bill 369.

# **MAP\_SB 369\_Income Tax Return Preparation Assistanc**

Uploaded by: Stacey Jefferson

Position: FAV



## TESTIMONY IN SUPPORT OF SB 369

### Income Tax - Return Preparation Assistance Program for Low-Income Families

Senate Budget and Taxation Committee

February 8, 2022

Submitted by Julia Gross and Kali Schumitz, Co-Chairs

### Member Agencies:

211 Maryland

Advocates for Children and Youth

Baltimore Jewish Council

Behavioral Health System Baltimore

CASH Campaign of Maryland

Catholic Charities

Energy Advocates

Episcopal Diocese of Maryland

Family League of Baltimore

Fuel Fund of Maryland

Health Care for the Homeless

Homeless Persons

Representation Project

Job Opportunities Task Force

Laurel Advocacy & Referral Services, Inc.

League of Women Voters of Maryland

Loyola University Maryland

Maryland Catholic Conference

Maryland Center on Economic Policy

Maryland Community Action Partnership

Maryland Family Network

Maryland Food Bank

Maryland Hunger Solutions

Paul's Place

Public Justice Center

St. Vincent de Paul of Baltimore

Welfare Advocates

### Marylanders Against Poverty

Julia Gross, Co-Chair

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Kali Schumitz, Co-Chair

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**Marylanders Against Poverty (MAP) strongly supports SB 369**, which will establish a Return Preparation Assistance program for low-income families.

**The Earned Income Tax Credit (EITC) is a critical anti-poverty tool.** The EITC helps low-wage workers in Maryland by reducing their tax burden, creating additional economic security for themselves, and strengthening low-income workers connections to the workforce. The EITC helps people make ends meet and continue working despite low wages. EITC refunds are used to cover bills or afford things that could be difficult to afford at any other time. For example, people can use the credit to address health concerns. They can catch up on medical bills, make a health insurance payment, or cover the cost of a doctor appointment or medication.

**Every year around 20% of eligible taxpayers are not claiming the EITC.** This is leaving many low-income workers without additional support they are eligible for. It is critical for Marylanders to receive all additional aid that they are eligible for during this time. COVID-19 has had negative effects on the economy and caused financial harm to low-income families. It is essential for all eligible low-income families to be notified about the EITC and receive the EITC. This will increase Maryland's EITC participation rate, and provide a necessary boost for low-income families.

**SB 369 addresses this issue by requiring the Comptroller to prepare tax returns and amended tax returns for eligible taxpayers.** SB 369 would generate tax returns and amended returns for individuals working and living in poverty, bolstering the local economy. This will offer low-income individuals more opportunities to tackle debt, buy groceries, and cushion the cost of living for a moment. Furthermore, studies show that larger refunds are likely to be spent in the local economy to purchase necessities, pay off bills, and contribute to savings. Providing low-income workers with more resources to survive, will have a positive ripple effect for all of Maryland.

**MAP appreciates your consideration and urges the committee to issue a favorable report for SB 369.**

*Marylanders Against Poverty (MAP) is a coalition of service providers, faith communities, and advocacy organizations advancing statewide public policies and programs necessary to alleviate the burdens faced by Marylanders living in or near poverty, and to address the underlying systemic causes of poverty.*