



Welfare Advocates

Founded 1979

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House Bill 234

Unemployment Insurance – Notice of Earned Income Tax Credit for Unemployed Insurance Claimants

House Economic Matters 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 HB 234, which requires the Maryland Department of Labor to include a statement – in English and Spanish – that accompanies 1009-G forms that details information about the availability of the Federal and State Earned Income Tax Credits.

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.¹ All tax payers who are finically 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 are unemployed are most likely to not claim the EITC.² Consequently, an important way to connect more individuals to the EITC is by providing information – in English and Spanish – to individuals who claim unemployment insurance in Maryland.

Assisting eligible Maryland households to claim the EITC, through bills like HB 234, is an investment in 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 invest in EITC outreach, and 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 HB 234.

Submitted by Lisa Klingenmaier, Chair of Welfare Advocates

¹ IRS Return Data, 20219

² US House Committee on Budget. Report on Opportunities to Improve the EITC. 2018.
