



Montgomery County Community Action Board Testimony in Support of HB252  
Income Tax – Return Preparation Assistance Program for Low-Income Families  
February 2, 2022

TO: The Honorable Vanessa Atterbeary, Chair; The Honorable Alonzo T. Washington, Vice Chair;  
and Members of the House Way and Means 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 HB252. 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>

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 HB252 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.