



Welfare Advocates

Founded 1979

228 W. Lexington Street — Suite 220 • Baltimore, Maryland 21201-3432
Phone: 410.261.5874 • Fax: 410.889.0203

House Bill 992 Income Tax – Earned Income Tax Credit – Alterations and Sunset Appeal

House Ways and Means Committee
March 2, 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 992, which strengthens and expands the state's Earned Income Tax Credit (EITC) program by matching 45% of the Federal EITC for low-income families, 100% of the Federal EITC for low-income single filers, expanding income eligibility for single filers, and permanently expanding the EITC to Marylanders who file taxes with an ITIN number.

The Earned Income Tax Credit (EITC) is one of the largest and most successful anti-poverty initiatives for low-income Marylanders. Every year, more than 400,000 low-income Marylanders benefit from the additional income that the EITC provides. Money received through the EITC boosts local economies, as the additional dollars are 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.

HB 992 makes permanent the critical EITC expansions that were a part of the 2021 RELIEF Act, including allowing ITIN filers to claim the credit. Many low-income individuals and families use an Individual Taxpayer Identification Number (ITIN) to file taxes, but prior to the RELIEF Act, they were not eligible under state law to claim the EITC. All tax payers – regardless of what kind of number they use to file taxes - should be included in our State's tax relief efforts, as the harmful impact of this massive public health crisis does not differentiate between Marylanders with documented status and those without. This bill justly recognizes the contribution of immigrants to the fabric of our society by extending to them the benefits we extend to all tax payers.

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 992.

Submitted by Lisa Kligenmaier, Chair of Welfare Advocates
