



**Montgomery County Community Action Board Testimony in Support of HB992
Income Tax - Earned Income Tax Credit - Alteration and Sunset Repeal
March 2, 2022**

TO: The Honorable Vanessa E. Atterbear, Chair; The Honorable Alonzo T. Washington, Vice Chair;
and Members of the Ways and Means Committee

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

The Montgomery County Community Action Board, the County's federally designated anti-poverty group, strongly supports HB992 and asks the Committee for a favorable report. The Earned Income Tax Credit (EITC) has been a longstanding priority for our board because it is one of the best anti-poverty tools available. Extensive research links the EITC to numerous positive impacts well beyond the financial realm. These include reductions in health disparities¹ and improved educational outcomes for children². The EITC is also a racial equity tool as research has shown its greater impact on reducing poverty for households of color³.

HB992 would make the recent expansions of the Maryland EITC permanent. These expansions include a 45% match of the federal EITC for filers with dependents and a 100% match of the federal EITC for single filers without dependents. 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.

As well, HB992 ensures that ITIN taxpayers continue to remain eligible for the state EITC. This is particularly important here in Montgomery County where there are approximately 5,300 ITIN taxpayers who are now eligible for the state EITC for the first time. Since our board reviews all proposed policies and legislation using an equity lens, we therefore oppose legislation that does not include ITIN taxpayers in the expanded EITC. It is inequitable and unfair to single out members of the immigrant community, who are disproportionately people of color, to be excluded from this substantial benefit that is available to other taxpayers.

Montgomery County is one of the few local jurisdictions that increases the state's EITC through the Working Families Income Supplement (WFIS). Since the WFIS is available to County households who are eligible for *either* the federal or state EITC, our board is thrilled that so many in our community, including ITIN filers, will see a significant increase in their tax refunds this year. For

¹ https://www.kellogg.northwestern.edu/faculty/garthwaite/htm/EITC_Health_Final_Draft.pdf and <http://ftp.iza.org/dp12417.pdf>

² https://www.nber.org/system/files/working_papers/w14599/w14599.pdf

³ <https://www.cbpp.org/research/state-budget-and-tax/state-earned-income-tax-credits-help-build-opportunity-for-people-of-color>

example, an eligible Montgomery County family with one adult and two children with an annual income of \$35,000 would receive \$2,715 in federal EITC, \$1,222 for the Maryland EITC, and \$1,222 for the WFIS, totaling \$5,159. This level of refund can have a particularly substantial impact on households in Montgomery County due to the very high cost of living. The Montgomery County Self-Sufficiency Standard for a family of three with one working adult, one infant, and one preschooler is \$103,322⁴ – *over four times the Federal Poverty Level*. The EITC, in addition to recently expanded Child Tax Credits, would bring this family quite a bit closer to self-sufficiency.

The Montgomery County Community Action Agency hosts a year-round Volunteer Income Tax Assistance (VITA) program that provides free tax help to lower-income households, linking them with all of the Earned Income, Child, and other tax credits for which they are eligible. HB992 will ensure that all clients served by VITA programs, regardless of immigration status, as well as low-to-moderate income households across the state, can continue to receive the larger Maryland EITC. We ask the Committee to support HB992 as an important measure to help more Marylanders move towards self-sufficiency.

⁴ <http://www.selfsufficiencystandard.org/>