



Montgomery County Community Action Board Testimony in Support of SB369
Income Tax – Maryland Earned Income Tax Credit Assistance Program for Low-Income Families
March 23, 2022

TO: The Honorable Vanessa E. Atterbear, Chair; The Honorable Alonzo T. Washington, Vice Chair;
and Members of the House 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 SB369. The Earned Income Tax Credit (EITC), 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 poverty¹, but also reduce health disparities² and improve educational outcomes for children³. The EITC is also a racial equity tool as research has shown its greater impact on reducing poverty for households of color⁴.

Unfortunately, about one in five households who are eligible for the EITC do not receive it. Programs such as the Montgomery County Community Action Agency’s Volunteer Income Tax Assistance (VITA) Program, 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 established by SB369 would be significant. The Maryland Earned Income Tax Credit Assistance Program for Low-Income Families would identify individuals who may be eligible for the Maryland EITC but did not claim the credit. Residents would receive a form that could be submitted to claim the credit at that time, linking these households with the EITC and ensuring that more Marylanders can benefit from this added support.

This bill is also 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 Supplement, can have a significant impact on households who are struggling to

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

² https://www.kellogg.northwestern.edu/faculty/garthwaite/htm/EITC_Health_Final_Draft.pdf and <http://ftp.iza.org/dp12417.pdf>

³ https://www.nber.org/system/files/working_papers/w14599/w14599.pdf

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

afford the basic necessities. This is especially important here in Montgomery County where the Self-Sufficiency Standard annual income 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 SB369 would help to ensure that more people receive these credits.

For these reasons, the Montgomery County Community Action Board strongly supports SB369 and asks the Committee for a favorable report.