

HB 252_SB 369_Tax Preperation Assistance_MCAP Supp

Uploaded by: Angela Martin

Position: FAV



1/27/2022

Re: Support of HB 252/SB 369 – Income Tax Return Preparation Assistance Program for Low-Income Families

Dear Members,

I am writing on behalf of the Maryland Community Action Partnership (MCAP) to urge your support of HB 252/SB 369 – Income Tax Return Preparation Assistance Program for Low-Income Families.

The Maryland Community Action Partnership (MCAP) is a statewide non-profit organization comprised of Maryland's 17 Community Action Agencies, which collectively serve every Maryland county. Together, we work toward eradicating homelessness and poverty to realize our vision of ensuring that all Maryland individuals and families are stable, economically secure, and live in safe and thriving communities.

MCAP supports HB 252/SB 369 because of its effects on the individuals and families with low-income that our organizations serve.

If passed, the bill would:

- Ensure access to tax preparation assistance for individuals and families with low-income.
- Provide eligible taxpayers with prepared income tax returns and amended income tax returns by using data already collected by the Comptroller from reports from employers and other sources. This service would be provided without regard to filing status for the current taxable year and the three immediately preceding taxable years.
- Prohibit a tax collector from assessing a penalty to program participants, under certain circumstances, regarding any unpaid tax.

There has been a proven correlation between enabling access to tax credits through the provision of tax preparation assistance and reducing the impacts of poverty on individuals and families. By enhancing and simplifying access to tax preparation assistance for Marylanders with low-income, our state will be providing critical support toward the goal of helping our most vulnerable citizens to reach economic security.

If there is any additional information that I can provide for you as you consider this bill, I would be happy to help. You can contact me at amartin@maryland-cap.org, or by calling 205-757-0764.

Sincerely,

A handwritten signature in black ink, appearing to read "Angela Martin", with a stylized flourish at the end.

Angela Martin, Executive Director

Latino Caucus HB252

Uploaded by: David Fraser-Hidalgo

Position: FAV



MARYLAND LEGISLATIVE LATINO CAUCUS

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KAREN LEWIS YOUNG

TO: **Chair** Delegate Vanessa E. Atterbeary
Vice Chair Delegate Alonzo T. Washington
Ways and Means Committee Members
FROM: Maryland Legislative Latino Caucus (MLLC)
DATE: 02/02/2022
RE: HB0252 Return Preparation Assistance Program for Low-Income Families

The MLLC supports HB0252 Return Preparation Assistance Program for Low-Income Families

The MLLC is a bipartisan group of Senators and Delegates committed to supporting legislation that improves the lives of Latinos throughout our state. The MLLC is a crucial voice in the development of public policy that uplifts the Latino community and benefits the state of Maryland. Thank you for allowing us the opportunity to express our support of HB0252, Return Preparation Assistance Program for Low-Income Families.

The Earned Income Tax Credit (EITC) is considered to be America's largest and most successful anti-poverty program. In 2017, EITC helped lift about 5.7 million people – including about 3 million children – out of poverty. It also helps advance racial equity in the tax code. The EITC is particularly impactful for women of color. According to the Center for Budget and Policy Priorities, an estimated 21% of Latina women benefit from the EITC, more than double the rate for white women (9%).

This bill establishes an Income Tax Return Preparation Assistance Program for Low-Income families that requires the Comptroller, for certain taxable years, to prepare certain income tax returns and amended income tax returns for those eligible taxpayers. The Comptroller's office would prepare and send the residents their pre-filed amended returns for them to review, sign, and return. This would ensure that those residents would then receive their EITC refunds. This also prohibits a tax collector from assessing a certain penalty under certain circumstances relating to the assistance program for low-income families.

For these reasons, the MLLC respectfully requests a favorable report on HB0252. Thank you for the opportunity to express our support for HB0252, Return Preparation Assistance Program for Low-Income Families.

WDC Testimony HB0252-2022_FINAL.pdf

Uploaded by: JoAnne Koravos

Position: FAV



MONTGOMERY COUNTY, MARYLAND
WOMEN'S DEMOCRATIC CLUB

P.O. Box 34047, Bethesda, MD 20827

www.womensdemocraticclub.org

House Bill 0252 - Income Tax - Return Preparation Assistance Program for Low-Income Families

**Ways and Means Committee – February 2, 2022
SUPPORT**

Thank you for this opportunity to submit written testimony concerning an important priority of the **Montgomery County Women's Democratic Club (WDC)** for the 2022 legislative session. WDC is one of the largest and most active Democratic Clubs in our County with hundreds of politically active women and men, including many elected officials.

WDC urges the passage of **HB0252 - Income Tax - Return Preparation Assistance Program for Low-Income Families**. This bill will increase the number of low-income working families who receive the Maryland Earned Income Tax Credit (EITC) by identifying eligible taxpayers who have failed to claim this credit and requiring the Comptroller to send them a pre-filled out tax return to review, sign and return.

The EITC is designed to incentivize work and help reduce poverty, particularly for families with children. Yet, about 25 percent of Marylanders who are eligible for the EITC do not claim the credit—a number that has been increasing in recent years. About two-thirds of these EITC eligible taxpayers do not file income tax returns because their incomes are so low that they are not required to file a tax return. This leaves an estimated \$304 million in federal credits unclaimed by Maryland taxpayers and in turn unspent in Maryland's economy.

Twenty-four percent of female-headed households and twelve percent of Maryland children live in households below the poverty line. Studies have shown that the EITC is one of the most effective ways to lift a family out of poverty. EITC has kept more children living above the poverty line than any other tax credit program. The Center for Disease Control (CDC) has found by reducing poverty and increasing income for working families, EITC has also been linked to positive health outcomes, particularly for infants and mothers, including a reduction in the low birthweight rate of infants.

We ask for your support for HB0252 and strongly urge a favorable Committee report.

Respectfully,

Leslie Milano
President

MAP_HB 252_Support_EITC.pdf

Uploaded by: Julia Gross

Position: FAV



Member Agencies:

211 Maryland
Advocates for Children and Youth
Baltimore Jewish Council
Behavioral Health System Baltimore
CASH Campaign of Maryland
Catholic Charities
Energy Advocates
Episcopal Diocese of Maryland
Family League of Baltimore
Fuel Fund of Maryland
Health Care for the Homeless
Homeless Persons
Representation Project
Job Opportunities Task Force
Laurel Advocacy & Referral Services,
Inc.
League of Women Voters of Maryland
Loyola University Maryland
Maryland Catholic Conference
Maryland Center on Economic Policy
Maryland Community Action
Partnership
Maryland Family Network
Maryland Food Bank
Maryland Hunger Solutions
Paul's Place
Public Justice Center
St. Vincent de Paul of Baltimore
Welfare Advocates

Marylanders Against Poverty

Julia Gross, Co-Chair
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Kali Schumitz, Co-Chair
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TESTIMONY IN SUPPORT OF HB 252

Income Tax - Return Preparation Assistance Program for Low-Income Families

House Way and Means Committee
February 2, 2022

Submitted by Julia Gross and Kali Schumitz, Co-Chairs

Marylanders Against Poverty (MAP) strongly supports HB 252, which will help ensure that low-income working Marylanders will claim the Earned Income Tax Credit (EITC).

Maryland is one of the 30 states that values their hard-working, low-income citizens by offering a state version of the Earned Income Tax Credit (EITC). The EITC is one of the most successful anti-poverty tools in Maryland. It has shown to disproportionately benefit women and communities of color, and helps keep young, single men engaged in the workforce.

The EITC puts money back into people's pockets and into the local economy. Research shows that tax refunds for low-to-moderate income families are used to pay for essentials like groceries, housing, and paying down debt.

Due to COVID-19, Maryland and the federal government has extended the eligibility and the worth of the EITC, meaning that was over \$260 million additional EITC dollars were available to directly to help low-income workers. Unfortunately, a little more than 20% of those who qualify for the EITC actually claim it.

A Return Preparation Assistance Program for Low-Income Families can help reach the most vulnerable families and better connect the program to those who qualify, making sure they get their full refund at tax time.

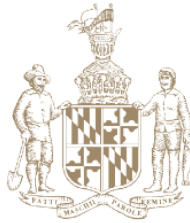
For these reasons, MAP appreciates your consideration and urges the committee to issue a favorable report for HB 252.

Marylanders Against Poverty (MAP) is a coalition of service providers, faith communities, and advocacy organizations advancing statewide public policies and programs necessary to alleviate the burdens faced by Marylanders living in or near poverty, and to address the underlying systemic causes of poverty.

Delegate Palakovich Carr - HB 252 - Return Prepara

Uploaded by: Julie Palakovich Carr

Position: FAV



THE MARYLAND HOUSE OF DELEGATES ANNAPOLIS, MARYLAND 21401

Testimony in Support of HB 252 Income Tax - Return Preparation Assistance Program for Low-Income Families

This legislation aims to improve participation in the Earned Income Tax Credit by identifying eligible Marylanders who do not receive the credit and sending them a pre-filled out tax return.

Eligible Marylanders Are Left Behind

The Earned Income Tax Credit (EITC) is considered to be America's largest and most successful anti-poverty program. However, 25% of Marylanders who are eligible for the EITC don't claim the credit—a number that has been increasing in recent years.¹ Moreover, Maryland fairs worse than the national average in terms of our EITC participation rate. This leaves an estimated \$304 million in federal credits unclaimed by Maryland taxpayers and in turn unspent in Maryland's economy.²

Given the economic and societal benefits of residents spending their refunds on rent, food, car repairs, and other goods and services,³ it is worthwhile for Maryland to increase the utilization of the EITC by eligible taxpayers.

Researchers have concluded that the following groups of people are less likely to claim and receive their EITC refund:⁴

- Self-employed
- Receiving disability income or have children with disabilities
- Without a qualifying child
- Living in rural areas
- Not proficient in English
- Grandparents raising grandchildren
- Recently divorced, unemployed, or experienced other changes to their marital, financial, or parental status.

¹ IRS and American Community Survey data.

² IRS return data, TY 2019.

<https://www.eitc.irs.gov/eitc-central/statistics-for-tax-returns-with-eitc/statistics-for-tax-returns-with-eitc>

³ "The Role of Earned Income Tax Credit in the Budgets of Low-Income Families." National Bureau of Economic Research, 2012.

⁴ U.S. House Committee on Budget,

<https://budget.house.gov/publications/opportunities-improve-earned-income-tax-credit>

Causes of Unclaimed EITC

There has been much research done by social scientists and economists to determine the root causes of people's failure to claim the EITC. Numerous studies and real world government programs have tested the idea that a lack of awareness or information about the EITC is what keeps people from claiming it.^{5,6,7,8} These studies, however, have repeatedly found that reminders and information alone do not significantly get more people to file their taxes and/or claim the EITC.

Rather, there are more complex barriers that prevent low-income workers from claiming the credit. About two-thirds of EITC eligible taxpayers don't file income tax returns because they aren't required to due to their low income.⁹ So for these residents to claim the EITC, they would need to file a tax return. The complexity and cost of filing a tax return using professional tax preparation services is perceived as too high of a barrier by these residents for simple outreach or information campaigns to work.

Instead, numerous academic studies have identified a much more successful approach: sending completed tax forms to residents who are likely to be eligible for the EITC.^{10,11,12,13,14,15,16} Much of the information needed to complete a tax return is already available to the IRS and Maryland Comptroller's Office, such as W-2 forms from employers.¹⁷ Using that information, the state could prepare tax returns for EITC eligible residents.

Since 2007, New York City has run a program that uses data from the IRS to identify residents who are eligible for the EITC but didn't claim it in prior tax years. The city government completes a pre-filled out amended tax return and mails it to the identified residents, who simply have to review the amended return, sign it, and return it to receive their EITC refund. In the first

⁵ "Can Nudges Increase Take-up of the EITC?: Evidence from Multiple Field Experiments" National Bureau of Economic Research, 2020.

⁶ "Tax Benefit Complexity and Take-Up: Lessons from the Earned Income Tax Credit" Stanford Law, 2019.

⁷ U.S. Treasury Inspector General for Tax Administration Office of Inspections and Evaluations Report 2018-IE-R004, 2018.

⁸ "Reminders & Recidivism: Evidence from Tax Filing & EITC Participation among Low-Income Nonfilers," National Bureau of Economic Research, 2016.

⁹ "Earned Income Tax Credit Participation Rate for Tax Year 2005" IRS, 2009.

¹⁰ "States Can Adopt or Expand Earned Income Tax Credits to Build Equitable, Inclusive Communities and Economies" CBPP, 2021.

¹¹ "Strategies for Increasing Uptake of the Earned Income Tax Credit" Robertson et al, 2020.

¹² "The Earned Income and Child Tax Credits: The Federal Framework, Reform Efforts to Date, and Options for Future Change" Rockefeller Foundation, 2020.

¹³ "Less Cheating? The Effects of Prefilled Forms on Compliance Behavior" Fochmann et al, 2018.

¹⁴ "Prefilled Income Tax Returns and Tax Compliance: Evidence From a Natural Experiment" Kotakorpi and Laamanen, 2016.

¹⁵ "Tax Systems" Slemrod & Gillitzer, 2013. "Using Technology to Simplify Individual Tax Filing" Bankman, 2008.

¹⁶ "The Simple Return: Reducing America's Tax Burden Through Return-Free Filing" Goolsbee, 2006

¹⁷ Comptroller also receives 1099-MISC, 1099-B, 1099-DIV, 1099-G, 1099-INT, 1099-NEC, 1099-R, 1099-S, and W-2G information returns from employers and through an agreement with the IRS, with ample data on interest, real estate sales, freelance wages, pensions, IRA distributions, rental income, farm income, gambling winnings, alimony, and other sources of income.

two years of the program, more than 22,000 residents received EITC refunds totaling nearly \$13 million.¹⁸ The program was expanded statewide in New York in 2009.

Maryland Is Poised to Do This

In 2016, in response to directives from the General Assembly, Deputy Comptroller Sharonne R. Bonardi noted that the Comptroller's Office is well positioned to do targeted outreach to EITC non-claimants.¹⁹ "This Office, using its internal data scientists and with the assistance of external contractors, could supplement DHR's [Department of Human Resources] active engagement by using the extensive taxpayer data located in its data warehouse in conjunction with data collected by other State and federal agencies to create various matching programs based on the EIC [Earned Income Tax Credit] non-participatory factors mentioned above. Additionally, this Office could assist in the notification process with the case management system, which can communicate with individuals by mail in multiple languages."

In 2009, Maryland did a pilot version of the outreach proposed in this bill. The Comptroller's Office requested data from the IRS on Maryland residents who received the federal EITC but did not claim it on their state return that year. The IRS identified 5,353 potentially eligible Maryland taxpayers. The Comptroller's Office reviewed these returns and subsequently sent out 2,339 refund checks totalling \$572,746.²⁰

What This Bill Does

This bill proposes a two pronged approach to improve participation in the EITC: 1) for people who don't currently file tax returns and 2) for people who file their taxes but don't claim the EITC.

The bill:

- 1) Requires the Comptroller to identify Maryland residents who appear to qualify for the EITC but who didn't file taxes the previous tax year, likely because of their very low income. The Comptroller's Office would then prepare and send these residents a pre-filled tax return for them to review, sign, and return. The residents would then receive their EITC refunds.
- 2) Requires the Comptroller to identify Maryland residents who filed their taxes for the most recent tax filing and appear to qualify for the EITC, but who didn't claim the EITC. The Comptroller's Office would then prepare and send these residents pre-filled amended returns for them to review, sign, and return. The residents would then receive their EITC refunds.

¹⁸ http://clkrep.lacity.org/online/docs/2009/09-2750_misc_11-17-09.pdf

¹⁹ http://dlslibrary.state.md.us/publications/JCR/2016/2016_30.pdf

²⁰ https://www.marylandtaxes.com/pros/revenews/files/2009_winter.pdf

HB 252_MD Center on Economic Policy_FAV.pdf

Uploaded by: Kali Schumitz

Position: FAV

Increasing Reach of Earned Income Tax Credit Will Benefit Maryland Families and our Economy

Position Statement Supporting House Bill 252

Given before the House Ways and Means Committee

The federal and state Earned Income Tax Credits (EITC) help hundreds of thousands of working Marylanders who struggle to get by due to low wages and also boost the economy. However, many eligible Marylanders don't receive the benefits of this effective anti-poverty tool even though they are eligible. **The Maryland Center on Economic Policy supports House Bill 252 because it provides a simple, innovative approach to ensure more eligible Marylanders receive the state EITC.**

Nearly 390,000 Maryland families received an income boost from the federal EITC last year. However, about 1 in 4 who are eligible don't receive it, according to IRS data¹. The number of eligible Marylanders who aren't receiving the credit has gradually increased over the last decade, suggesting that the current outreach, education, and free tax preparation services alone aren't enough. People with very low incomes often don't earn enough to be required to file a tax return every year and may not be aware that they are missing out on refundable credits.

HB 252 would require the Comptroller's office to use available income and tax data from the IRS and state tax systems to identify people who appear to be eligible for the EITC but either did not file a state tax return or did not claim the EITC on their state return. The office would then send a notification to those individuals, including a pre-filled out tax return or amended tax return form, so the recipient can simply review the information, sign, and return the documents. New York City has had a similar program since 2006, working in partnership with the IRS, that has helped residents access millions of dollars in federal, state, and city tax credits each year².

It's important to ensure all eligible Marylanders are receiving the EITC because it can have such a powerful impact on people's lives. Nationwide about 5.7 million people are lifted out of poverty each year because of the EITC.³ Research shows that reducing poverty through the EITC, especially for children, has significant long-term benefits, such as experiencing better health, doing better in school, and earning higher incomes later in life. It is also good for our economy, as families living paycheck-to-paycheck who receive the EITC are likely to spend their refunds on immediate needs like car repairs, clothing, or school supplies. Every dollar invested in the EITC generates \$1.23 of economic activity, according to one estimate.⁴

Further, this is a critical moment to take this approach because both Congress and the General Assembly passed legislation expanding the EITC in 2021, meaning many people are eligible to claim the credit for the first time and may not be aware of the recent changes. An outreach program that makes it simple for Marylanders to access this valuable credit would be a powerful tool for increasing economic security and access to opportunity.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Ways and Means Committee make a favorable report on House Bill 252.

Equity Impact Analysis: House Bill 252

Bill summary

House Bill 252 increases the power of Maryland's Earned Income Tax Credit by ensuring more people who are eligible for the credit receive it. It does this by creating a program in the Comptroller's Office to identify people who are likely eligible for the EITC but did not file a tax return or did not claim the EITC on their return and send prepared tax forms to those individuals to review, sign and return.

Background

About 1 in 4 Marylanders who were eligible for the federal EITC did not claim it in 2018, the most recent year for which IRS data are available. Maryland's EITC participation rate has been slowly declining, from nearly 80% in tax year 2011 to around 75% in tax years 2017 and 2018. Similar data are not available for the state level, but Maryland has taken positive steps to expand eligibility for the state EITC in recent years, meaning there are some people who can receive the state credit but not the federal one.

Equity Implications

- Due to various structural barriers to opportunity, Black and Latinx workers are far more likely than white workers to earn poverty-level wages and are therefore more likely to qualify for the EITC. While state and federal EITCs serve a larger number of white households than households in any other racial or ethnic group, they serve a larger proportion of people of color.
- EITCs also have a disproportionate impact in reducing poverty rates among households of color.⁵

Impact

House Bill 252 would likely **improve racial and economic equity** in Maryland.

¹ IRS, EITC Participation Rates By State For Tax Years 2011 through 2018." <https://www.eitc.irs.gov/eitc-central/participation-rate/eitc-participation-rate-by-states>

² Testimony of Assistant Commissioner Sam Miller, New York City Department of Finance, on the Earned Income Tax Credit Mailing Project, November 2009. http://clkrep.lacity.org/online/docs/2009/09-2750_misc_11-17-09.pdf

³ Center on Budget and Policy Priorities, "The Earned Income Tax Credit: A Powerful Tool to Fight Poverty and Reward Work in Maryland," 2019. https://www.cbpp-multimedia.org/1-25-19tax/1-25-19tax_eitc_maryland_statewide.pdf

⁴ Mark Zandi, "An Analysis of the Obama Jobs Plan." Moody's Analytics, Sept. 9, 2011. <https://www.economy.com/dismal/analysis/free/224641>

⁵ Michael Leachman et. al. "Advancing Racial Equity With State Tax Policy," Center on Budget and Policy Priorities, Nov. 15, 2018. <https://www.cbpp.org/research/state-budget-and-tax/advancing-racial-equity-with-state-tax-policy>

CAB Testimony_HB252_Income Tax Return Preparation

Uploaded by: Leslie Frey

Position: FAV



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 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 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

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-color>

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.

WA- HB 252 -Tax Prep Low-Income Families - Fav.doc

Uploaded by: Lisa Klingenmaier

Position: FAV



Welfare Advocates

Founded 1979

228 W. Lexington Street — Suite 220 • Baltimore, Maryland 21201-3432

Phone: 410.261.5874 • Fax: 410.889.0203

House Bill 252

Income Tax – Return Preparation Assistance Program for Low-Income Families

House Ways and Means Committee

February 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 252, which creates an Income Tax Return Preparation Assistance Program for Low-Income Families administered by the Comptroller that will provide eligible tax filers prepared income tax returns by using data already collected by the State.

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 financially 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 have recent changes in their household makeup are most likely to not claim the EITC. Moreover, studies demonstrate a key way to engage households in claiming the EITC is by sending completed tax forms to eligible households, as suggested in HB 252.²

Assisting eligible Maryland households to claim the EITC, through bills like HB 252, is good for 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 should 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 252.

Submitted by Lisa Klingenmaier, Chair of Welfare Advocates

¹ IRS Return Data, 20219

² CBPP. 2021. *States Can Adopt or Expand EITC to Build Equitable, Inclusive Communities and Economies*

MD Catholic Conference_FAV_HB0252.pdf

Uploaded by: MJ Kraska

Position: FAV



ARCHDIOCESE OF BALTIMORE † ARCHDIOCESE OF WASHINGTON † DIOCESE OF WILMINGTON

February 02, 2022

HB 252

Income Tax - Return Preparation Assistance Program for Low-Income Families

House Ways & Means Committee

Position: Support

The Maryland Catholic Conference (“Conference”) represents the public-policy interests of the three Roman Catholic (arch) dioceses serving Maryland: the Archdiocese of Baltimore, the Archdiocese of Washington, and the Diocese of Wilmington.

House Bill 252 establishes the Income Tax Return Preparation Assistance Program for Low–Income Families; requiring the Comptroller, for certain taxable years, to prepare, as a part of the Program, certain income tax returns and amended income tax returns for certain eligible taxpayers; requiring the Comptroller to provide certain notice to eligible taxpayers concerning the Program; prohibiting a tax collector from assessing a certain penalty under certain circumstances; and generally relating to the Income Tax Return Preparation Assistance Program for Low–Income Families

The basis for all that the Church believes about the moral dimensions of economic life is its vision of the transcendent worth—the sacredness—of human beings. The Second Vatican Council stated, *“The dignity of the human person, realized in community with others, is the criterion against which all aspects of economic life must be measured.”* All human beings, therefore, are ends to be served by the institutions that make up the economy, not means to be exploited for more narrowly defined goals. House Bill 252 affords low-income Marylanders the opportunity to attend tax preparation programs in pursuit of economic justice and a common good within society.

The Conference appreciates your consideration and respectfully urges a favorable report for House Bill 252.

Testimony In Support of HB 252 - Ways and Means -

Uploaded by: Rich Ceruolo

Position: FAV



January 28, 2022

Maryland House of Delegates
6 Bladen St.
Annapolis, MD. 21401

In Support of HB 252: Income Tax - Tax Return Prep – Assistance Program Low-Income Families

Members of the Maryland House of Delegates Ways and Means Committee.

We are an organization of military and non-military families with over 1300 members and fully support requiring the Comptroller's office to notify Maryland's low-income families that qualify for the earned income tax credit, but failed to file for it.

This bill would be a huge help to families that need the most help during these extremely trying times. That extra money can make a positive impact on a low-income family's ability to build their savings and afford necessities for their children.

So many families are still hurting financially from the past 2 years of health and economic hardships, we all can use a helping hand during these trying times. We hope that the MGA will also work on other constructive ways of supporting working families moving forward. This one is many steps needed to support our varied communities of PAC members.

The future of Maryland's economy lies with the workers that we need to be supporting now and into the future. Let's support them now when they need it the most.

Please support House Bill 252 and return a favorable report. Thank you for your time, and for considering our testimony today.

Mr. Richard Ceruolo | richceruolo@gmail.com

Parent, Lead Advocate and Director of Public Policy

Parent Advocacy Consortium (Find us on Facebook/Meta)

<https://www.facebook.com/groups/ParentAdvocacyConsortium>

CASH_HB 252 Income Tax - Return Preparation Assist

Uploaded by: Robin McKinney

Position: FAV



HB 252- Income Tax - Return Preparation Assistance Program for Low-Income Families
House Way and Means Committee
February 2, 2022
SUPPORT

Chairwoman Atterbeary, Vice-chair, and members of the committee, thank you for the opportunity to testify in support of HB 252. This bill will create the Income Tax Return Preparation Assistance Program for Low-Income Families.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

Maryland is one of the 30 states that values their hard-working, low-income citizens by offering a state version of the Earned Income Tax Credit (EITC). This credit is known as one of the most powerful anti-poverty tools utilized by federal, state, and local governments. It has shown to substantially benefit women, communities of color, and low-income workers. Right now, low-income workers are fighting to gain or maintain financial security while being taxed further into poverty. Federal, state, and local governments have taken the initiative to strengthen the EITC and deliver additional aid to millions of low-income workers.

Fortunately, Maryland and the federal government have extended the eligibility and the overall worth of the EITC. For Maryland, this means that there was over \$260 million in additional EITC funds that went directly to low-income workers. Unfortunately, around 20% of EITC eligible Marylanders do not claim the credit. These households are missing out on funds that could lift them out of poverty and provide additional money for things like groceries, housing expenses, childcare, and other necessities. Now more than ever there is a demand for free tax preparation and many people have even been waitlisted. Long waitlists also result in households missing out on funds. A return preparation assistance program for low-income families can help reach the most vulnerable families and ensure that families that missed out on the credit in past years are able to claim the credit.

It is important to increase EITC participation rates because the credit has many benefits for individuals and the economy:

- It provides a boost to low income working families which strengthens their connection to the workforce.
- It allows for people to pay for transportation cost, secure childcare, or receive additional education or training.
- It creates financial security for these families by providing money for groceries, utilities, medical expenses, and emergencies. This creates a stronger economy. *For every dollar spent on the EITC, \$1.24 is returned to the local economy.*

HB 252 will help low income working families by requiring the Comptroller to prepare and amend tax returns for eligible taxpayers, requiring the Comptroller Office to notify eligible taxpayers of the program, and prohibiting tax collectors from accessing certain penalties.

For these reasons, we encourage a favorable report on HB 252.

Creating Assets, Savings and Hope