

TAX CREDITS FOR MARYLAND FAMILIES

SB 552 - Family Prosperity Act of 2023 Senate Budget and Taxation Committee

March 1, 2023

SUPPORT

Chair Guzzone, Vice-Chair, and members of the committee thank you for the opportunity to testify today in support of Senate Bill 552. This bill will permanently strengthen Maryland's Earned Income Tax Credit (EITC) and Child Tax Credit (CTC).

Tax Credits for Maryland Families (TCMF) is a coalition of more than 20 organizations committed to educating policymakers and the public about the state's working family tax credits, the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC). Our mission is to ensure every eligible individual and family receives the EITC and CTC and identify policy goals that will provide relief for low-income workers. **The coalition identifies opportunities to strengthen the state's working family tax credits and ensure the credits are reaching all eligible taxpayers.**

Maryland took a big step forward in supporting working families in 2021 by expanding the state EITC to include thousands of low-income workers who were previously ineligible for the credit and increasing the value of the credit for all recipients. It also created the state's first CTC. These actions showed Maryland's commitment to fighting childhood poverty and made the EITC in Maryland more effective by including all low-income working people, whether they are lifelong Marylanders, immigrants who have chosen Maryland as their home, raising kids, or just starting out on their own.

SB 552 will help to create stronger families in Maryland by permanently expanding Maryland's EITC & CTC to include:

- Matching 45% of the federal EITC for low-income working families and 100% of the federal EITC for low-income single filers unable to claim dependents
- Maintaining EITC eligibility for ITIN filers
- Permanently creating a state CTC
- Extending eligibility to all children under 6 years old for the CTC
- Increasing income eligibility to \$15,000 or less for the CTC
- Eliminating the requirement that a taxpayer reduce the value of the credit by the amount of the federal CTC claimed

SB 552 will help combat poverty and invest in Maryland families to create a stronger future.

While SB 552 represents a major step forward for working families, we urge the committee to continue its work, via an amendment to this bill or future legislation, to strengthen the EITC for workers not claiming dependents on their taxes. Currently a worker without dependents, who might be a non-custodial parent or young adult just starting out on their own, cannot receive the EITC if they earn more than about \$16,000 per year – less than Maryland's minimum wage. Raising the income limit, as proposed in HB 992 of 2022, would create greater economic security for low-income Marylanders.

State and federal pandemic relief efforts over the past years, particularly the expansions of working family tax credits, have clearly demonstrated the powerful benefits of increasing economic security for families. In 2020, tax credits were fourth in keeping families from poverty when economic crisis hit due to the pandemic, according to US Census data¹. These credits help people navigate times of crisis, reduce the number of children growing up in poverty, and strengthen our economy.

For these reasons, we encourage a favorable report on SB 552.

¹ Census, [The Supplement Poverty Measure: 2020](#)

For more information about TCMF, please contact Tonaeya Moore at tonaeya@cashmd.org.