

SB 552 - Maryland Food Bank - SUPPORT.pdf

Uploaded by: Anne Wallerstedt

Position: FAV

SB 552

Family Prosperity Act of 2023 Senate Budget and Taxation Committee March 1, 2023

SUPPORT

Senate Bill 552 makes permanent increases to the eligibility of families for the state Child Tax Credit from those making \$6,000 annually to those making \$15,000, providing a refundable credit of up to \$500 for each child under 6 or under 17 with a disability. It also expands Maryland's Earned Income Tax Credit by matching 45% of the federal EITC for families claiming dependents and 100% of the federal EITC for individuals without dependents. Importantly, it allows filers with ITIN numbers to claim the credit.

The Maryland Food Bank estimates that 1 in 3 Marylanders are at risk of food insecurity. A person who is food insecure does not have consistent access to healthy and nutritious food on any given day, and this problem persists in every area of the state. There are also communities and populations who are disproportionately affected by food insecurity, including families with children. The causes of food insecurity are complex and often include factors such as unstable housing and low income.

Internal analysis by the Maryland Food Bank has determined that the monthly advance of federal Child Tax Credit payments provided significant financial relief to food insecure Marylanders. Half (49.9%) of Maryland families who received the credit used the extra money to purchase food, the highest spending category. There is undoubtedly a need for an expanded Child Tax Credit in Maryland, especially one like this that will support low-income families; 1 out of every 2 Maryland families making less than \$35,000 a year are currently experiencing food insufficiency, and 1 in 3 families across all income levels reported that their children are not eating enough because food was unaffordable.

Similarly, expanding the reach of the EITC could dramatically improve the economic status for thousands of low-income Marylanders. Currently, 35% of Marylanders are finding it difficult to afford their basic household necessities, including food, rent, and utilities. The EITC is a time-tested anti-poverty tool that provides financial assistance to those who need it most, and in turn stimulates the economies of local communities to grow and thrive.

The Family Prosperity Act of 2023 is an important and necessary investment in children and families. The Maryland Food Bank respectfully requests a favorable report on SB 552.

In Support of Senate Bill 552 - Maryland Legal Aid

Uploaded by: Anthony Davis

Position: FAV



MARYLAND
LEGAL AID

Advancing
Human Rights and
Justice for All

Senate Bill 552
Family Prosperity Act of 2023
In the Senate Budget and Taxation Committee
Hearing on March 1, 2023
Position: FAVORABLE

Maryland Legal Aid (MLA) submits its written and oral testimony on SB 552 in response to a request from Senator Nancy King.

MLA supports SB 552 because it would increase the amount of the state child tax credit (CTC) and earned income tax credit (EITC), as well as increase the eligibility of those who qualify. This would provide much needed breathing room for Maryland's most vulnerable people and their families.

Under the American Rescue Plan Act, 2021 was a watershed tax year for the elimination of child poverty in the United States, primarily through the federal government's expansion of the EITC and the CTC. Washington widened the eligible age range for the EITC to include anyone older than 19 (18 for foster children) and increased the CTC from \$2,000 to \$3,000 for children ages 6-17 and \$3,600 for children younger than age 6. These expanded credits in combination with other relief efforts¹ drove the child poverty rate to a record low of 5.2 percent.² What's more, this legislation revealed the potential magnitude of the effect that tax credits may have in alleviating poverty and reducing the number of children living in poverty.

Unfortunately, on January 1, 2022, these hugely beneficial federal tax credits expired and reverted to pre-2021 status. The current version lacks the same monetary benefit and overall effect.³ For example, under the current rendition of the federal child tax credit many families do not receive the full credit because their families' incomes are *too low*.¹ At nearly the same time that the federal credits expired, inflation hit its highest rate since the early 1980s, dealing a double blow to low-income taxpayers in Maryland and throughout the United States.

¹ Notably, the dependent care credit was also expanded, allowing low-income taxpayers with children to offset expensive child care costs.

² Child poverty, calculated by the Supplemental Poverty Measure (SPM), fell to its lowest recorded level in 2021, declining 46% from 9.7% in 2020 to 5.2% in 2021, according to U.S. Census Bureau data released today.

See: <https://www.census.gov/library/stories/2022/09/record-drop-in-child-poverty.html>, U.S. Census Bureau.

³ The child tax credit was initially structured in the Taxpayer Relief Act of 1997 (P.L. 105-34) as a \$400 per child (\$500 per child beginning in 1999) nonrefundable credit to provide tax relief to middle- and upper-middle-income families. Since 1997, various laws have modified key parameters of the credit, expanding its availability to more families while also increasing its value. For a more detailed history, See: *The Child Tax Credit: Legislative History*, Congressional Research Service <https://crsreports.congress.gov/R45124>.

Commented [A1]: Let's use these acronyms throughout. The full names are mouthfuls!

SB 552 attempts to recapture the momentum gained in the fight for helping working families and eliminating child poverty by providing a measure of the relief that previously existed at the federal level. SB 552 would expand both the state CTC and state EITC to more taxpayers by increasing the adjusted gross income eligibility threshold for the state CTC from \$5,000.00 from \$15,000.00, making more taxpayers eligible for the credit. The state EITC would increase to 50% of the federal EITC or the taxpayers entire state income tax, whichever is lower, beginning in the 2023 tax year.

The federal and state EITC and CTC make a huge difference for low-income taxpayers. It is sometimes the largest single amount of money they receive all year. They use it to pay down debts, save for retirement, and buy essentials such as utilities, food, rent, and housing costs. Far too many MLA clients are living paycheck to paycheck, and one unforeseen expense, such as a car repair or medical issue, can push these homeowners and renters into foreclosure and eviction. An increased state CTC and EITC provides a critical cushion so that unforeseen expenses do not become financial nightmares.

MLA urges a favorable report on SB 5520 because it helps working families stay on their feet and makes sure that they don't fall off the cliff, especially in this time of high inflation, food insecurity, and rising medical costs. SB 552 provides critical state tax benefits in the absence of similar federal assistance. I thank you for your time and attention to this most urgent matter.

Respectfully Submitted,

Anthony Davis, Esq.
Director of Advocacy for Consumer Law
Maryland Legal Aid, Inc.
500 E. Lexington Street
Baltimore, Maryland 21202
(410) 951-7703

¹ See: "Year-End Tax Policy Priority: Expand the Child Tax Credit for the 19 million Children Who Receive Less Than the Full Credit", Center on Budget and Policy Priorities, <https://www.cbpp.org/research/federal-tax/year-end-tax-policy-priority-expand-the-child-tax-credit-for-the-19-million>.

Copy of SB0552 - Child and Dependent Care Tax Cred

Uploaded by: Bonnie Weissberg

Position: FAV



Dear Dear Honorable Members of the **Budget & Taxation Committee**,

This testimony is being submitted by Showing Up for Racial Justice Baltimore, a group of individuals working to move white folks as part of a multi-racial movement for equity and racial justice in Baltimore City, Baltimore County, and Howard County. We are also working in collaboration with CASA. I am a resident of **District 41**. **I am testifying in support of [SB0552](#)**.

In 2021 the Maryland General Assembly passed the most effective anti-poverty and pro-low-income families legislation seen in the country - benefiting 450,000 families, and putting roughly \$275 million into our communities. The expansion of the earned income and child tax credit to include all Marylanders regardless of immigration status uplifted thousands of hardworking, tax-paying Maryland families facing economic hardship.

However, we know that economic recovery from the pandemic-era shutdowns has been disproportionate. After being excluded from receiving thousands of dollars in federal and state Covid relief stimulus payments undocumented immigrant communities have faced the brunt of the economic crisis. With price increases, stagnant wages, and high inflation it is imperative that the General Assembly make permanent the progress they green-lit in 2021.

Federal, state, and local working family tax credits are the most powerful anti-poverty tools we have, and our legislators must pass the Family Prosperity Act to preserve the strong and inclusive EITC expansions. These credits help people navigate times of crisis, reduce the number of children growing up in poverty, and strengthen our economy. Research shows that the EITC and CTC substantially benefit women and communities of color, and boosts maternal and infant health, school performance, and future earnings.

The Family Prosperity Act will invest in all of Maryland's families to create a stronger future. It is for these reasons that I am encouraging you to vote **in support of [SB0552](#)**.

Thank you for your time, service, and consideration.

Sincerely,
1704 Mt. Washington Ct., Apt. H
Baltimore, MD 21209
Showing Up for Racial Justice Baltimore

SB0552_TestimonySupport_ChanteWestfield_3.1.2023.p

Uploaded by: Chante Westfield

Position: FAV

Chante Westfield
Client Leadership Council, Capital Area Food Bank
SB0552 – Family Prosperity Act of 2023
Budget and Taxation Committee
Hearing Date 3/1/2023 at 1pm
Testimony of SUPPORT

My name is Chante' Westfield, a lifelong resident of Maryland. I'm a proud member of Capital Area Food Bank's Client Leadership Council program. I'm a mom of three young children ages 8 months, 7 and 8 years old.

Senate Bill 0552 is truly a lifesaver to low income families such as mine.

Unfortunately I had to stop working during the pandemic because we loss child care. Despite my partner working full time hours including overtime opportunities in healthcare my family struggles to make ends meet. Being essential workers during the pandemic was honorable but honor can't pay the bills.

Senate Bill 0552 has helped my family in more ways than one.

The extra credit during the pandemic helped reduce debt. By having extra money we were able to pay more on the bills we were behind on.

It is much appreciated! Anything is always better than nothing!

I know this for a fact because this past month my family was homeless!

We were evicted from our apartment because we owed the rent that we weren't able to pay during the pandemic.

This caused my kids to miss several weeks of school.

The pandemic knocked us off track and we weren't able to catch back up. Late fees on top of the back rent made it extremely hard.

Fortunately my family has found housing. By continuing the distribution of this credit it will assist us in staying current on our rent as well as other bills such as utilities, food and clothing for everyone.

This bill will help keep a roof over my family's head, keep us stable and allow my kids to further their education without the added stress of homelessness.

Not knowing where you are going to live is very scary.

So for these reasons I encourage a favorable vote on Senate Bill 0552. Thank you so much for the opportunity to testify.

SB552-RMC Support Testimony-Family Prosperity Act

Uploaded by: Charlotte Davis

Position: FAV



Susan O'Neill, Chair

Charlotte Davis, Executive Director

Testimony in Support of
Senate Bill 552 – Family Prosperity Act of 2023
Budget and Taxation Committee
March 1, 2023

The Rural Maryland Council supports Senate Bill 552 – Family Prosperity Act of 2023.

This bill supports self-sufficiency in working families by making positive revisions to the requirements for the federal and local Earned Income Tax Credit.

The Earned Income Tax Credit (EITC) is a highly beneficial program for working people with low to moderate incomes as it reduces the amount of income tax owed and refunding taxes paid through employment. Those who qualify for the federal EITC claim it on their personal income tax return and Maryland offers an additional State EITC equal to 50% of the federal tax credit.

Expansion of the Earned Income Tax Credit will help low-income earners throughout Maryland achieve greater financial self-sufficiency by putting more money directly back into the pockets of eligible workers. The Earned Income Tax Credit requires little cost to administer and has shown to reduce the number of households who receive cash welfare assistance by incentivizing employment. According to the U.S. Department of Health and Human Services, households that claim the credit, particularly single and female heads of households, have seen their wages grow though subsequent years than similar households that did not claim the credit.

Maryland's rural areas often report higher rates of poverty compared to their urban and suburban counterparts. The poverty rate in Somerset County is currently reported at 23.6% by the US Census Bureau. ([U.S. Census Bureau QuickFacts: Somerset County, Maryland](#)). Allegany County's poverty rate is 16.4%. ([U.S. Census Bureau QuickFacts: Cumberland city, Maryland; Somerset County, Maryland](#)). This program will encourage the utilization of the EITC and provide financial benefits to low-income families.

The Rural Maryland Council historically supports the EITC and respectfully requests your favorable support of Senate Bill 552.

The Rural Maryland Council (RMC) is an independent state agency governed by a nonpartisan, 40-member board that consists of inclusive representation from the federal, state, regional, county, and municipal governments, as well as the for-profit and nonprofit sectors. We bring together federal, state, county, and municipal government officials as well as representatives of the for-profit and nonprofit sectors to identify challenges unique to rural communities and to craft public policy, programmatic or regulatory solutions.

“A Collective Voice for Rural Maryland”

SB552 Family Prosperity Act.docx.pdf

Uploaded by: Christina Nemphos

Position: FAV

Dear Dear Honorable Members of the **Budget & Taxation Committee**,

This testimony is being submitted by Showing Up for Racial Justice Baltimore, a group of individuals working to move white folks as part of a multi-racial movement for equity and racial justice in Baltimore City, Baltimore County, and Howard County. We are also working in collaboration with CASA. I am a resident of MD District 40, living in the Medfield neighborhood of Baltimore. **I am testifying in support of [SB0552](#).**



In 2021 the Maryland General Assembly passed the most effective anti-poverty and pro-low-income families legislation seen in the country - benefiting 450,000 families, and putting roughly \$275 million into our communities. The expansion of the earned income and child tax credit to include all Marylanders regardless of immigration status uplifted thousands of hardworking, tax-paying Maryland families facing economic hardship.

However, we know that economic recovery from the pandemic-era shutdowns has been disproportionate. After being excluded from receiving thousands of dollars in federal and state Covid relief stimulus payments undocumented immigrant communities have faced the brunt of the economic crisis. **With price increases, stagnant wages, and high inflation it is imperative that the General Assembly make permanent the progress they green-lit in 2021.**

Federal, state, and local working family tax credits are the most powerful anti-poverty tools we have, and our legislators must pass the Family Prosperity Act to preserve the strong and inclusive EITC expansions. These credits help people navigate times of crisis, reduce the number of children growing up in poverty, and strengthen our economy. Research shows that the EITC and CTC substantially benefit women and communities of color, and boosts maternal and infant health, school performance, and future earnings.

The Family Prosperity Act will invest in all of Maryland's families to create a stronger future. It is for these reasons that I am encouraging you to vote **in support of [SB0552](#).**

Thank you for your time, service, and consideration.

Sincerely,
Christina Nemphos
1301 W 42nd Street, Baltimore, Md 21211
Showing Up for Racial Justice Baltimore

SB552 Family Prosperity Act.pdf

Uploaded by: Christina Pham Linhoff

Position: FAV

Dear Dear Honorable Members of the **Budget & Taxation Committee**,

This testimony is being submitted by Showing Up for Racial Justice Baltimore, a group of individuals working to move white folks as part of a multi-racial movement for equity and racial justice in Baltimore City, Baltimore County, and Howard County. We are also working in collaboration with CASA. I am a resident of District 46. **I am testifying in support of [SB0552](#).**



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The Family Prosperity Act will invest in all of Maryland's families to create a stronger future. It is for these reasons that I am encouraging you to vote **in support of [SB0552](#).**

Thank you for your time, service, and consideration.

Sincerely,

Christina Pham Linhoff
46 E Randall Street, Baltimore, MD 21230
Showing Up for Racial Justice Baltimore

SB 552_MFN_FAV_Macsherry.pdf

Uploaded by: Clinton Macsherry

Position: FAV



Testimony Concerning SB 552
“Family Prosperity Act of 2023”
Submitted to the Senate Budget and Taxation Committee
March 1, 2023

Position: Favorable

Maryland Family Network (MFN) supports SB 552, which would help combat child poverty by strengthening Maryland’s Child Tax Credit (CTC) and Earned Income Tax Credit (EITC). This Committee to its great credit has previously helped our State make considerable strides with these critical economic supports for families and children, and MFN urges you now to take this important next step.

MFN has worked since 1945 to improve the availability, affordability, and quality of child care, family support services, and early education. We have been active in state and federal debates on education and welfare reform and are strongly committed to ensuring that low- and moderate-income working families—and indeed, all families—have the supports they need to care for their children and to be economically self-sufficient.

Poverty has a devastating impact on families, and especially on young children. The children’s physical health, social and emotional development, school readiness, and ultimate life outcomes face severe challenges. Deep poverty—often defined as living with income at less than half the federal poverty level, or approximately \$13,900 for a family of 4—exacerbates these challenges greatly. Even a modest increase in income for these families has been demonstrated by the National Institutes of Health (among others) to result in significantly better outcomes for individuals and for society as a whole. Many Maryland families, even those who have moved from welfare to work, still live in poverty. CTC and EITC are two of the most powerful tools for alleviating poverty.

Although the target population for these tax credits is relatively narrow, the individual and social benefits are arguably broader than we can calculate.

MFN urges your favorable consideration of SB 552.



SB552 Family Prosperity Act.pdf

Uploaded by: Daryl Yoder

Position: FAV

Dear Members of the **Budget & Taxation Committee**,

This testimony is being submitted by Showing Up for Racial Justice Baltimore, a group of individuals working to move white folks as part of a multi-racial movement for equity and racial justice in Baltimore City, Baltimore County, and Howard County. We are also working in collaboration with CASA. I am a resident of District 44A. **I am testifying in support of [SB0552](#).**



In 2021 the Maryland General Assembly passed the most effective anti-poverty and pro-low-income families legislation seen in the country - benefiting 450,000 families, and putting roughly \$275 million into our communities. The expansion of the earned income and child tax credit to include all Marylanders regardless of immigration status uplifted thousands of hardworking, tax-paying Maryland families facing economic hardship.

However, we know that economic recovery from the pandemic-era shutdowns has been disproportionate. After being excluded from receiving thousands of dollars in federal and state Covid relief stimulus payments, undocumented immigrant communities have faced the brunt of the economic crisis. With price increases, stagnant wages, and high inflation it is imperative that the General Assembly make permanent the progress they green-lit in 2021.

Federal, state, and local working family tax credits are the most powerful anti-poverty tools we have, and our legislators must pass the Family Prosperity Act to preserve the strong and inclusive EITC expansions. These credits help people navigate times of crisis, reduce the number of children growing up in poverty, and strengthen our economy. Research shows that the EITC and CTC substantially benefit women and communities of color, and boosts maternal and infant health, school performance, and future earnings.

The Family Prosperity Act will invest in all of Maryland's families to create a stronger future. It is for these reasons that I am encouraging you to vote **in support of [SB0552](#).**

Thank you for your time, service, and consideration.

Sincerely,
Daryl Yoder
309 Glenmore Ave.
Catonsville, MD 21228
Showing Up for Racial Justice Baltimore

SB552_MSCCA_FAV.pdf

Uploaded by: Elly Cowan

Position: FAV



**Caring For Maryland's Most
Important Natural Resource™**

Maryland State Child Care Association

2810 Carrollton Road
Annapolis, Md. 21403
Phone: (410) 820-9196
Email: info@mscca.org
www.mscca.org

The Maryland State Child Care Association (MSCCA) is a non-profit, statewide, professional association incorporated in 1984 to promote the growth and development of child care and learning centers in Maryland. MSCCA advocates on behalf of our 5000 members working in the field of child care/early childhood education. We believe children are our most important natural resource and work hard to advocate for children, families and for professionals within the early childhood community.

**Testimony: SB 552
Family Prosperity Act 2023
Testimony: Support
Submitted to: Ways and Means
February, 16, 2023**

MSCCA supports SB552. Thank you to President Ferguson and the Administration for their leadership.

MSCCA believes that the most equitable and efficient way to expand access to quality child care in the state of Maryland is through direct family investments. These investments include scholarships, subsidies, and tax credits. These public supports will help to address affordability and availability issues for Maryland's families. We know that access to quality, affordable child care leads to better outcomes for Maryland's youngest citizens.

MSCCA believes children are our most important natural resource. As an organization, it is imperative that we advocate for both children and their families.

SB552 makes strides in expanding the reach of the In Maryland, a resident can claim a tax refund utilizing certain percentages of their earned income tax credit. This percentage has continuously increased from 2013. SB552 would allow the percentage of the allowable earned income tax credit to remain at 45% moving forward, instead of reverting back to 28% after 2022 as is stipulated in current law.

This bill also increases the income threshold in which a taxpayer may claim credits in respect to how many dependent children they have. Under current law, a taxpayer making under \$6,000 a year could claim credits of \$500 per dependent child. This legislation would increase that threshold to \$15,000—an increase of \$11,000. This means that more families in need would qualify for these important \$500/per dependent credits. Additionally, SB552 expands the definition of a “Qualified child” to include all dependents under the age of 6.

The Family Prosperity Act of 2023 is a huge step toward a more equitable state. Allowing more families to have the opportunity to claim larger tax returns and credits alleviates an enormous burden. MSCCA understands the importance of investing in Maryland's families most in need. Research shows “that income from the EITC and CTC leads to improved educational outcomes for young children in low-income households. For each \$1,000 increase in annual income over two to five years, children's school performance improves on a variety of measures, including academic test scores.¹” This is just one example of the benefits Maryland's children and families will see when SB552 becomes law.

We must leave no one behind in Maryland and MSCCA fully supports these important steps to family prosperity.

MSCCA urges a favorable report.

¹ [5 Ways the EITC Benefits Families, Communities, and the Country | Center on Budget and Policy Priorities \(cbpp.org\)](https://www.cbpp.org/5-Ways-the-EITC-Benefits-Families-Communities-and-the-Country)

SB552 Family Prosperity Act.pdf

Uploaded by: Erica Palmisano

Position: FAV

Honorable Members of the **Budget & Taxation Committee,**

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The Family Prosperity Act will invest in all of Maryland's families to create a stronger future. It is for these reasons that I am encouraging you to vote **in support of [SB0552](#).**

Thank you for your time, service, and consideration.

Sincerely,

Erica Palmisano

5580 Vantage Point Rd, Apt 5, Columbia, MD
Showing Up for Racial Justice Baltimore

2023-03-01 SB552 Support.pdf

Uploaded by: Hannibal Kemerer

Position: FAV

ANTHONY G. BROWN
Attorney General



CANDACE McLAREN LANHAM
Chief of Staff

CAROLYN A. QUATTROCKI
Deputy Attorney General

STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL

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March 1, 2023

TO: The Honorable Guy Guzzone
Chair, Budget and Taxation Committee

FROM: Hannibal G. Williams II Kemerer
Chief Counsel, Legislative Affairs, Office of the Attorney General

RE: SB 552 – Family Prosperity Act of 2023 (**Support**)

The Office of the Attorney General requests a favorable report on Senate Bill 552, Governor Moore's Family Prosperity Act. This legislation permanently extends the Earned Income Tax Credit (EITC) created by the legislature during the 2020 Legislative Session and removes the \$530 cap for adults without qualifying children. In addition, Senate Bill 552 expands the Child Tax Credit (CTC) created by the General Assembly in 2020 to cover all taxpayers with children 5 and under who have a federally adjusted gross income of \$15,000 or less. The bill retains the existing credit for children older than 6 years which only applies to children with disabilities. Senate Bill 552 ensures that Maryland families can focus on their futures instead of fretting about how to afford basic necessities.

For the foregoing reasons, the Office of the Attorney General urges a favorable report on Senate Bill 552.

cc: Committee Members

This bill letter is a statement of the Office of Attorney General's policy position on the referenced pending legislation. For a legal or constitutional analysis of the bill, Members of the House and Senate should consult with the Counsel to the General Assembly, Sandy Brantley. She can be reached at 410-946-5600 or sbrantley@oag.state.md.us.

SB552 Family Prosperity Act.pdf

Uploaded by: Holly Powell

Position: FAV

Dear Dear Honorable Members of the **Budget & Taxation Committee**,

This testimony is being submitted by Showing Up for Racial Justice Baltimore, a group of individuals working to move white folks as part of a multi-racial movement for equity and racial justice in Baltimore City, Baltimore County, and Howard County. We are also working in collaboration with CASA. I am a resident of **District 46**. **I am testifying in support of [SB0552](#)**.



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The Family Prosperity Act will invest in all of Maryland's families to create a stronger future. It is for these reasons that I am encouraging you to vote **in support of [SB0552](#)**.

Thank you for your time, service, and consideration.

Sincerely,

Holly Powell

2308 Cambridge Street

Baltimore, Maryland 21224

Showing Up for Racial Justice Baltimore

SB 552, FAV, FCG OCE, LS23.pdf

Uploaded by: Jessica Fitzwater

Position: FAV



FREDERICK COUNTY GOVERNMENT
OFFICE OF THE COUNTY EXECUTIVE

Jessica Fitzwater
County Executive

SB 552 - Family Prosperity Act of 2023

DATE: March 1, 2023
COMMITTEE: Senate Budget and Taxation Committee
POSITION: Favorable
FROM: The Office of Frederick County Executive Jessica Fitzwater

As the County Executive of Frederick County, I urge the committee to give **SB 552 - Family Prosperity Act of 2023** a favorable report.

The COVID pandemic has uncovered and exacerbated inequities across our communities. As a public-school teacher, I have seen the impact of the pandemic, and the economic turmoil that accompanied the pandemic, directly in my classes in the form of family poverty and child hunger. Action proposed in the Family Prosperity Act of 2023 addresses this head on with a permanent extension and expansion of the Earned Income Tax Credit and an expansion of the Child Tax Credit.

In 2021, this body passed legislation to expand the EITC, helping more than 400,000 Maryland families. To adequately address the child poverty crises that we see throughout the state, we should make the EITC a permanent program. Likewise, the Child Tax Credit has proven to be one of the most effective tools in reducing child poverty. The federal Child Tax Credit, passed as part of the American Rescue Plan, lifted nearly 3 million children out of poverty across the country¹ according to a Columbia University study. Most families used these funds to pay for food, school supplies, childcare, and debt, according to Census data. These are the routine expenses that keep families in poverty and prevent them from saving for emergencies, homeownership, or retirement. This is the survival budget that many families throughout Maryland are unable to meet. Based on the most recent United Way of Frederick ALICE report, 40% of our county residents do not meet a survival budget, struggling to afford housing, food, childcare, transportation, and healthcare.

With the expiration of the federal Child Tax Credit, many families have found themselves in worse financial circumstances than prior to the pandemic. In fact, child poverty increased 41 percent the first month after the credit expired.²

While Maryland currently has a child tax credit, its eligibility requirements are so narrow that only 87 families in the entire state claimed the credit last year. By expanding the Child Tax Credit, we can ensure that 40,000 Maryland families receive the support they need.

Thank you for your consideration of SB 552 and I urge a favorable report.

Jessica Fitzwater, County Executive
Frederick County, MD

¹ "[Child poverty drops in July with the Child Tax Credit expansion](#)," Columbia University

² "[Absence of Monthly Child Tax Credit Leads to 3.7 Million More Children in Poverty in January 2022](#)" Columbia University

WDC 2023 Testimony SB0552_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

**Senate Bill 552 – Family Prosperity Act of 2023
Budget and Taxation Committee – March 1, 2023
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 2023 legislative session. WDC is one of Maryland's largest and most active Democratic clubs with hundreds of politically active members, including many elected officials.

WDC urges the passage of SB0552. This bill makes the Maryland State earned income tax credit (EITC) and child tax credit program permanent. It eliminates the reduction in the state tax credit by the amount of any federal tax credit. It maintains the 45 percent federal earned income tax credit used for determining the amount that an individual may claim as a refund under the Maryland EITC. It removes the \$530 tax credit cap for adults without children. It continues to provide for an additional state child tax credit of \$500 for each child and clarifies the age limit as under six years, or under 17 years with a disability. It raises the qualifying taxpayer income limit for the child tax credit from a federal annual adjusted gross income of \$6,000 to \$15,000.

Numerous studies have shown that the EITC is one of the best ways to reduce childhood poverty. The EITC is designed to incentivize work and help reduce poverty, particularly for families with children. By making the Maryland earned income tax credit permanent and expanding eligibility for the child tax credit, even more families will have the income they need to pay rent and feed their families - especially children in minority families who are among the poorest in our state. In 2019, 12 percent of Maryland's children lived in poverty; 23 percent lived in families without secure incomes; and 18 percent of Black families and 15 percent of Hispanic families lived below the poverty line in Maryland.

We ask for your support for SB0552 and strongly urge a favorable Committee report. Maryland has the highest state median income in the country. No Maryland child should suffer in poverty.

Diana E. Conway
WDC President

Ginger Macomber
WDC Advocacy Committee

NASW Maryland - 2023 SB 552 FAV - Family Prosperit

Uploaded by: Judith Schagrin

Position: FAV

**Senate Budget & Tax Committee
March 1, 2023**

Senate Bill 552: Family Prosperity Act

*****SUPPORT*****

The National Association of Social Workers – Maryland Chapter, an organization representing social workers statewide, is asking for your support for Senate Bill 552: Family Prosperity Act, which would extend the state’s earned income tax credit and expand the childcare tax credit as strategies to lift families out of poverty.

There is growing recognition that poverty programs are child welfare programs, and an emerging body of research finding that additional income to a family is associated with a decrease in the incidence of child maltreatment and use of costly Out of Home Placement. For example, a study released this past July (Johnson-Motohama, Ginther, and Oslund, 2022)¹ investigated the effect of increasing Supplementary Nutrition Assistance Program (SNAP) benefits. The conclusion was that bringing more resources into a household had a significant impact. More resources were associated with fewer CPS calls screened in; fewer investigations that resulted in an ‘indicated’ finding; and a lower incidence of foster care placement.

Child maltreatment has not only a substantial economic cost, but an incalculable psychic cost for the affected children and their families. One way to demonstrate our state’s commitment to the children is by identifying strategies for putting more resources in hands of their parents.

Earned income tax credits are known to be a more powerful approach for lifting and keeping families out of poverty than any other tax credit program. As a result, not only can maltreatment be reduced, but health, educational, and social outcomes vastly improved.

For these reasons, we ask for your support for SB 552 to invest in better outcomes for our families and children.

Judith Schagrin, LCSW-C
Co-Chair, Legislative Committee

¹ Johnson-Motoyama, M., Ginther, D., Oslund, P. et al. (2022). Association Between State Supplemental Nutrition Assistance Program Policies, Child Protective Services Involvement, and Foster Care in the US, 2004-2016, *JAMA Network*, <https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2794169>

SB0552_TestimonySupport_CapitalAreaFoodBank_3.1.23

Uploaded by: Julia Lemp

Position: FAV

Julia Lemp, Advocacy and Public Policy Specialist, Capital Area Food Bank
SB0552 – Family Prosperity Act of 2023
Budget and Taxation Committee
Hearing Date 3/1/2023 at 1pm
Testimony of SUPPORT

Chairman Guzzone and members of the committee,

On behalf of the Capital Area Food Bank, we offer our support for SB0552 to extend expansions to the Earned Income Tax Credit (EITC) and make permanent the Child Tax Credit (CTC) to support low-income working families throughout Maryland.

The Capital Area Food Bank serves over 200,000 food insecure residents in the two largest counties in Maryland, Prince George's and Montgomery. Last year, we distributed over 23 million meals to Maryland clients through a partner network of over 180 nonprofit organizations and more than 150 direct distribution sites.

Each year, the Capital Area Food Bank releases a Hunger Report – a comprehensive look at food insecurity across the food bank's service area. One key finding from our 2022 Hunger Report was that 77 percent of people who screened as food insecure in 2021 were employed. Comparatively, 74 percent of people who were food secure were employed. These statistics are nearly identical, so we must ask: why are so many employed individuals facing food insecurity?

A number of factors are likely at play. People may be working low-quality, low-wage jobs – often several jobs at a time – and the high cost of living in the area can mean paychecks are not enough to cover necessities.

Working family tax credits, like Maryland's EITC and the CTC, are powerful tools to ensure that hard-working families are able to put food on the table. Maryland took a big step forward in supporting these families at the height of the pandemic, creating a CTC and expanding the EITC benefit for all recipients and ensuring ITIN filers – often immigrant families who are ineligible for many other social safety net programs – are able to access the credit. However, as you know, expansions to these credits will reverse this year if no action is taken by the General Assembly.

Maryland can't afford a step backward, especially for its hard-working families. That's why the Capital Area Food Bank offers its strong support for SB0552 and encourages a favorable report by the committee. Thank you.

SB 552_MD Center on Economic Policy_FAV.pdf

Uploaded by: Kali Schumitz

Position: FAV



MARCH 1, 2023

Strengthening Working Family Tax Credits Will Benefit Maryland Families and the Economy

Position Statement Supporting Senate Bill 552

Given before the Senate Budget and Taxation Committee

Working family tax credits, like Maryland's state Earned Income Tax Credit (EITC) and Child Tax Credit (CTC), are proven, powerful tools that help ensure kids don't grow up in poverty and help families afford the basic things their households need. Maryland took a big step forward in supporting working families in 2021 when it created a modest CTC, expanded the state EITC to include thousands of low-income workers who were previously ineligible for the credit, and increased the value of the credit for all recipients. **The Maryland Center on Economic Policy supports Senate Bill 552, the Family Prosperity Act, because it would create long-term economic security for working families.**

Preserving a Stronger Earned Income Tax Credit

The 2021 expansions made more than 100,000 people newly eligible for the state EITC. The expansions also significantly increased the value of the credit for all recipients, more than 400,000 altogether:

- The average state credit increased to \$1,100, with more than 400,000 Marylanders benefitting from this larger credit
- Upward of 90,000 workers not claiming dependents became eligible for a max credit of \$530, several times greater than the credit they were previously eligible for. SB 552 would allow the max credit to increase with inflation, matching 100% of the federal credit for workers not claiming dependents on their taxes.
- More than 100,000 immigrant taxpayers are potentially now eligible for the credit, with 30,000 to 40,000 households per year newly receiving the credit based on Tax Year 2020 and 2021 filings, according to data from the Comptroller's Office.

Whether it's covering a large one-time expense, like a car repair or books for school, or making it easier to cover the monthly bills, refundable tax credits can have a powerful impact. With rapidly rising costs for everyday essentials like food, gas, and rent, Maryland families need this support more than ever. SB 552 would make the 2021 expansions of the EITC permanent.

Reducing Child Poverty Through a Stronger Child Tax Credit

SB 552 would also build on the modest state Child Tax Credit the General Assembly enacted in 2021 and extend a much-needed income boost to 24,000 or more Maryland children in very low-income households who are now locked out of the federal CTC.

The federal Child Tax Credit provides families an income boost of up to \$2,000 per child at tax time. The credit benefits households in a wide range of income levels, with the majority taking home between \$10,000 and \$75,000 each year. About 300,000 Maryland households claimed the low-income (refundable) portion of the credit in 2016. Research has long shown that this income boost can bring lifetime benefits—improving children’s health, helping them succeed in school, and ultimately enabling many to get better jobs in adulthood.¹ Yet for many children who would gain the most from increased family income, the credit currently provides only small benefits or leaves them out entirely:

- Families whose income is less than \$2,500 per year are not eligible to claim the credit at all.
- Families with slightly higher incomes—up to about \$25,000 for a single parent with one child, or higher for larger families—can claim a partial credit, but are not eligible for the full \$2,000 per child.
- The Trump administration's signature federal tax overhaul expanded the maximum value of the credit from \$1,000 to \$2,000 per child, but capped the refundable portion that is most helpful to low-income families at a lower amount. This choice shut struggling families out of the biggest benefits, even as the law handed a windfall to large corporations and wealthy individuals.
- Worse yet, the 2017 tax law for the first time required children to have a Social Security number to be eligible for the full credit, taking much-needed benefits away from about 1 million children nationwide who were born outside the United States.
- While these limitations were temporarily reversed for tax year 2021 under the American Rescue Plan Act, Congress has not yet acted to further extend the major improvements Child Tax Credit that were part of that legislation. This increases the need for state-level action to strengthen the credit.

Senate Bill 552 would guarantee low-income families with young children or children with disabilities a benefit of \$500 per child. It also removes the sunset and makes the credit permanent. Unlike the federal credit, Senate Bill 552 does not lock out children in families with the lowest incomes or children without a Social Security number. Altogether, it would put \$17 million into the hands of thousands of families each year, benefiting 34,000 or more Maryland children.² This modest income boost could mean better access to nutritious food or enriching reading materials, or could even help keep the electricity or heat on.

Strengthening the EITC for Workers Not Claiming Dependents

As drafted, SB 552 currently leaves out one additional reform that was included in similar legislation in the past (HB 992 of 2022). This change would go one step further and would address one other issue affecting workers who don’t have children or don’t claim their child as a dependent on their taxes. Once people in this group earn just over \$15,500 per year, they are no longer eligible for the credit. That means someone working full time at Maryland’s current minimum wage and not claiming dependents on their taxes would earn too much to qualify for the EITC, even though they are still earning too little to support even themselves. In fact, many people who work for very low wages go deeper into poverty because they don’t qualify for a meaningful tax break.³

MDCEP recommends strengthening SB 552 by increasing the maximum income for the state EITC to \$23,540 for single filers. This would benefit more than 134,000 Marylanders who are now struggling to get by on low wages.

People who don't claim a dependent child still can be in a caregiver role, such as a non-custodial parent, an expectant parent, or someone informally helping support and care for a family member. Other recipients are young people just starting out in the workforce and trying to support themselves. All would see significant benefits from the increased income limit.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Budget and Taxation Committee make a favorable report on Senate Bill 552.

Equity Impact Analysis: Senate Bill 552

Bill summary

SB 552 would help low-income families in poverty by:

- Matching 45% of the federal EITC for low income working families
- Matching 100% of the federal EITC for low-income single filers unable to claim dependents
- Maintaining eligibility for taxpayers who use an Individual Taxpayer Identification Number
- Strengthening Maryland's state counterpart to the federal Child Tax Credit. Tax filers would be eligible to claim the credit if they have a qualifying child under age six or an older child who has a disability, and have federal adjusted gross income under \$15,000. The credit would guarantee that eligible filers receive a state Child Tax Credit of \$500.

Background

In 2021, the General Assembly increased the refundable state EITC to 45% of the recipient's federal credit for families and 100% (up to \$530) for single filers unable to claim dependents. The legislature also allowed all taxpayers who meet the criteria, including those who use an ITIN to file taxes, to receive the EITC.

In 2018 the legislature removed the minimum age for receiving the EITC, allowing thousands of young low-income workers to qualify for the state EITC for the first time. Prior to 2018 the minimum age was 25.

The federal Child Tax Credit provides families a credit of up to \$2,000 per child. In 2016, about 300,000 Maryland households claimed the refundable portion of the credit, which is capped at \$1,400 per child. Families with annual income less than \$2,500 are not eligible to claim the federal credit, and families with income below about \$25,000 can claim only a partial credit. Research shows that increased family income in early childhood can bring lifetime health, educational, and workforce benefits.

The 2017 federal tax overhaul expanded the maximum value of the credit from \$1,000 to \$2,000 per child, but capped the refundable portion that is most helpful to low-income families at \$1,400, meaning that millions of children nationwide saw only minimal gains. The law also for the first time required children to have a social security number to be eligible for the full credit, taking away existing benefits from about 1 million children nationwide.

Equity Implications

- Expanding the EITC would make our tax system more equitable. The lowest-income Marylanders now pay about 9.8 percent of their income in state and local taxes – a greater share of their income than the wealthiest 1 percent of Marylanders (those earning more than \$534,800 per year).⁴
- Senate Bill 552 would take a meaningful step towards correcting this imbalance.
- 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

While there are not sufficient data to estimate the characteristics of people who would benefit from the Child Tax Credit portion of the bill, data from the federal Child Tax Credit as well as legislation to improve the credit suggest that the bill would likely bring the largest benefits to women and people of color:

- Analysis of the Working Families Tax Relief Act, a federal bill proposed in 2020 to expand and improve the federal Earned Income Tax Credit and Child Tax Credit, including reforms similar to those in SB 552. Among households expected to benefit from this bill, 57 percent were households of color; 40% were Black households; 11 percent were Latinx households; and 8 percent were Asian, American Indian/Alaska Native, or belonging to another racial group.
- As of tax year 2012, 65 percent of Maryland parents benefiting from the federal EITC or CTC were women.
- Because SB 552 increases benefits for families with the lowest incomes—who, because of historical and ongoing policies, are disproportionately made up of women and people of color—the bill would likely have even greater benefits for these groups than the current Child Tax Credit.
- The bill departs from the 2017 tax law approach of intentionally harming people born outside the United States. Instead, SB 552 offers the credit to immigrant and United States-born children equally.

Impact

Senate Bill 552 would likely **improve racial, economic, and gender equity** in Maryland.

¹ Chuck Marr, Chye-Ching Huang, Arloc Sherman, and Brandon Debot, "EITC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children's Development, Research Finds," Center on Budget and Policy Priorities, 2015, <https://www.cbpp.org/research/federal-tax/eitc-and-child-tax-credit-promote-work-reduce-poverty-and-support-childrens>

² Total benefits based on the fiscal and policy note for House Bill 919 of 2022. At a maximum benefit of \$500 per child, this cost implies that at least 34,000 children would receive the credit.

³ Chuck Marr and Chye-Ching Huang, "Strengthening the EITC for Childless Workers Would Promote Work and Reduce Poverty." Center on Budget and Policy Priorities. Feb. 20, 2015. <http://www.cbpp.org/research/strengthening-the-eitc-for-childless-workers-would-promote-work-and-reduce-poverty>

⁴ Institute on Taxation and Economic Policy, "Who Pays? 6th Edition, State-by-state data," Oct. 17, 2018, <https://itep.org/whopays-map/>

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>

SB552 Family Prosperity Act.pdf

Uploaded by: Katherine Wilkins

Position: FAV

Dear Dear Honorable Members of the **Budget & Taxation Committee,**

This testimony is being submitted by Showing Up for Racial Justice Baltimore, a group of individuals working to move white folks as part of a multi-racial movement for equity and racial justice in Baltimore City, Baltimore County, and Howard County. We are also working in collaboration with CASA. I am a resident of **12A. I am testifying in support of [SB0552](#).**



In 2021 the Maryland General Assembly passed the most effective anti-poverty and pro-low-income families legislation seen in the country - benefiting 450,000 families, and putting roughly \$275 million into our communities. The expansion of the earned income and child tax credit to include all Marylanders regardless of immigration status uplifted thousands of hardworking, tax-paying Maryland families facing economic hardship.

However, we know that economic recovery from the pandemic-era shutdowns has been disproportionate. After being excluded from receiving thousands of dollars in federal and state Covid relief stimulus payments undocumented immigrant communities have faced the brunt of the economic crisis. With price increases, stagnant wages, and high inflation it is imperative that the General Assembly make permanent the progress they green-lit in 2021.

Federal, state, and local working family tax credits are the most powerful anti-poverty tools we have, and our legislators must pass the Family Prosperity Act to preserve the strong and inclusive EITC expansions. These credits help people navigate times of crisis, reduce the number of children growing up in poverty, and strengthen our economy. Research shows that the EITC and CTC substantially benefit women and communities of color, and boosts maternal and infant health, school performance, and future earnings.

The Family Prosperity Act will invest in all of Maryland's families to create a stronger future. It is for these reasons that I am encouraging you to vote **in support of [SB0552](#).**

Thank you for your time, service, and consideration.

Sincerely,

Katherine Wilkins

5605 Foxcroft Way

Columbia MD 21045

Showing Up for Racial Justice Baltimore

sb 552 Family Prosperity Act 2023.pdf

Uploaded by: Kenneth Phelps, Jr.

Position: FAV



THE EPISCOPAL DIOCESE
OF MARYLAND

The Maryland Episcopal
Public Policy
Network

**TESTIMONY IN SUPPORT OF SB 0552
Family Prosperity Act of 2023**

****FAVORABLE****

TO: Senator Guy Guzzone, Chair, Senator Jim Rosapepe, Vice Chair, and members of the Budget and Taxation Committee

FROM: Rev. Linda K. Boyd, Co-Chair, Maryland Episcopal Public Policy Network, Diocese of Maryland

DATE: March 1, 2023

Families today are struggling. Times are difficult with increased prices of virtually everything that a family needs to survive and thrive. We are concerned, as a people of faith who believe that each person is a beloved child of God, about their struggle. They need our help. In 2021, the Maryland General Assembly passed legislation that created the state's first Child Tax Credit ("CTC"), that provided a temporary tax credit for families with an adjusted gross income of \$6,000 or less for each qualified child. This bill will extend its applicability to families with an adjusted gross income of \$15,000. This bill will also, in part, make permanent the CTC and extend its applicability to all children under 6 years of age. It will also strengthen the benefits of the Maryland Earned Income Tax Credit ("EITC").

The benefits created by this bill are essential to helping low-income families to provide for necessities of life. This is an important step toward assisting such families and will thus benefit the entire community.

We strongly request a favorable report.

Montgomery County Community Action Board Testimony

Uploaded by: Leslie Frey

Position: FAV



**Montgomery County Community Action Board Testimony in Support of SB552
Family Prosperity Act of 2023
March 1, 2023
SUPPORT**

TO: The Honorable Guy Guzzone, Chair; The Honorable Jim Rosapepe, Vice Chair; and Members of the Budget and Taxation Committee

FROM: Dr. Jeffery Johnson, Chair, Montgomery County Community Action Board

The Montgomery County Community Action Board, the County's local, state, and federally designated anti-poverty group, strongly supports SB552. The Family Prosperity Act will provide critical support to Maryland residents by making recent historic expansions to the Maryland Earned Income Tax Credit (EITC) permanent and expanding the state's Child Tax Credit.

The historic expansions of the Maryland EITC two years ago, allowing for a 45% match of the federal EITC for low income working families with dependents, a 100% match of the federal EITC for low-income single filers unable to claim dependents, and the inclusion of ITIN taxpayers, meant that more Maryland workers could not only receive this credit, but receive a larger amount, providing additional financial support to these households.

While SB552 represents a major step forward for working families, we urge the committee to consider 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, including non-custodial parents and young adults living independently, cannot receive the EITC if they earn more than about \$16,000 per year – significantly less than even the Maryland minimum wage. Raising the income limit for these taxpayers would therefore allow the EITC to help more residents who are struggling to make ends meet.

Our board has been a longtime advocate for the EITC because we know that it is one the best tools available to reduce poverty and help families meet the Self-Sufficiency Standard. Extensive research also 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.

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>

Expansions of the state EITC are particularly important in Montgomery County, where the County's Working Families Income Supplement (WFIS) is a 100% match of the state EITC. We are very fortunate to be one of just a handful of local jurisdictions across the country that supplements matching funds to the state credit. Passage of this bill will mean that Montgomery County residents can continue to receive larger refunds, helping families and individuals pay for necessities like food and housing. Furthermore, passage of this bill ensures that ITIN filers can continue to receive both the state and local credits.

The inclusion of ITIN taxpayers in the Maryland EITC has made a tremendous difference in the lives of these Marylanders who are not eligible for the federal EITC. The Montgomery County Community Action Agency oversees the County's Volunteer Income Tax Assistance (VITA) Partnership, and also hosts the County's only year-round free tax preparation VITA site. All VITA programs serve taxpayers filing with an ITIN and our own site assists residents applying for new and renewal ITINs. Serving this portion of the population, we know firsthand that ITIN taxpayers have greatly benefited from the state EITC and matching County Working Families Income Supplement, and we strongly encourage their continued eligibility for the credit.

The 2021 creation of the Maryland Child Tax Credit was an important step forward for the lowest income Maryland families. Passage of this bill will mean the permanent creation of a state CTC, extending eligibility to all children under 6 years old, increasing income eligibility to \$15,000 or less, and eliminating reducing the value of the credit by the amount of the federal CTC claimed. While the eligibility requirement for the CTC is still modest, those who receive this credit will benefit greatly from it, especially here in Montgomery County where child care is the most expensive in the state⁴, and nearly half of all renters in the County are cost-burdened, meaning that they spend 30% or more of income on housing alone.⁵

It is important to note that both the state EITC and CTC are especially significant in an area like Montgomery County, and so many parts of the state, where the cost of living is so high. According to the Maryland Community Action Partnership's most recent report, the Montgomery County Self-Sufficiency Standard for a household with two working adults, one preschooler, and one school-age child is an astounding \$122,943, over four times the federal poverty level.⁶ A tax refund of a few thousand dollars would have a significant impact on this family, helping them move closer to the Self-Sufficiency Standard.

The Family Prosperity Act takes an important step in making Maryland a more equitable place to live, and it places Maryland at the forefront of progressive states supporting lower-income workers. The Montgomery County Community Action Board strongly supports SB552 and asks for the Committee's favorable report.

⁴ https://www.marylandfamilynetwork.org/sites/default/files/2022-02/MFN_Demographics2022%20Final%20%281%29.pdf

⁵ <https://montgomeryplanning.org/wp-content/uploads/2020/07/MoCo-HNA-July-2020.pdf>

⁶ <https://maryland-cap.org/the-maryland-2023-self-sufficiency-standard-calculator/>

SB552 Family Prosperity Act.docx.pdf

Uploaded by: Lindsay Keipper

Position: FAV

Dear Dear Honorable Members of the Budget & Taxation Committee,

This testimony is being submitted by Showing Up for Racial Justice Baltimore, a group of individuals working to move white folks as part of a multi-racial movement for equity and racial justice in Baltimore City, Baltimore County, and Howard County. We are also working in collaboration with CASA. I am a resident of District 46 and **I am testifying in support of SB0552, the Family Prosperity Act.**



In 2021 the Maryland General Assembly passed the most effective anti-poverty and pro-low-income families legislation seen in the country - benefiting 450,000 families, and putting roughly \$275 million into our communities. The expansion of the earned income and child tax credit to include all Marylanders regardless of immigration status uplifted thousands of hardworking, tax-paying Maryland families facing economic problems during the pandemic.

However, we know that economic recovery from the pandemic-era shutdowns has been disproportionate. After being excluded from receiving thousands of dollars in federal and state Covid relief stimulus payments undocumented immigrant communities have faced the brunt of the economic crisis. With price increases, stagnant wages, and high inflation it is imperative that the General Assembly make permanent the progress they green-lit in 2021.

Federal, state, and local working family tax credits are the most powerful anti-poverty tools we have, and our legislators must pass the Family Prosperity Act to preserve the strong and inclusive EITC expansions. These credits help people navigate times of crisis, reduce the number of children growing up in poverty, and strengthen our economy. Research shows that the EITC and CTC substantially benefit women and communities of color, and boosts maternal and infant health, school performance, and future earnings.

Exclusion from tax benefits due to immigration status is unfair. We've recognized that people who are working and raising kids ought to receive tax credits to help them take care of their families. This is a societal good that holds true for all families. If someone is working and paying taxes, they should not be excluded from this tax credit just because they are undocumented.

It is for these reasons that I am encouraging you to vote **in support of SB0552.**

Thank you for your time, service, and consideration.

Sincerely,

Lindsay Keipper

2425 Fleet St.

Showing Up for Racial Justice Baltimore

WA- SB 552 - Family Prosperity Act - FAV.pdf

Uploaded by: Lisa Klingenmaier

Position: FAV



Welfare Advocates

Founded 1979

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

Phone: 667-600-3356 • Email: lklingenmaier@cc-md.org

Senate Bill 552 Family Prosperity Act of 2023

Senate Budget and Taxation Committee
March 1, 2023

Support

Welfare Advocates is a statewide coalition of social service organizations, advocacy groups, faith communities, and community members, whose mission it is to educate about and advocate for an adequate safety net and public policies that support families moving towards economic stability.

Welfare Advocates supports SB 552, which permanently strengthens and expands the state's Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) programs.

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. The EITC increases the economic security of low-income tax payers, and our state should pursue all available avenues to expand the number of households eligible for the EITC.

The Child Tax Credit (CTC) is a successful tool for cutting childhood poverty, yet Maryland's CTC in its current form is inadequate in providing relief to low-income families. The Child Tax Credit improves the overall wellbeing of families, increases food security, and improves children's educational achievement.¹ Unfortunately, Maryland's credit is restricted to households with incomes under \$6,000 a year, and penalizes families for receiving the federal CTC. Broadening the scope of who can access this vital tax credit reduces the likelihood that low-income Marylanders will need to access safety-net programs – such as TCA or SNAP – if they are able to access the CTC.

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, which is critical as economic hardships do not differentiate between Marylanders with documented status and those without; and
- Permanently creating a state CTC and extending eligibility to all children under 6 years old, increasing income eligibility to \$15,000 or less, and eliminating the requirement that a taxpayer reduce the value of the credit by the amount of the federal CTC claimed.

The EITC and CTC are tested, successful programs. They engage Marylanders in the workforce, reduce the racial wealth gap, and grow our economy. Access to these programs should be expanded and supported. **WA appreciates your consideration, and respectfully urges a favorable report on SB 552.**

Submitted by Lisa Klingenmaier, Chair of Welfare Advocates

¹ IRS: New Evidence on the long-term impacts of tax credits. 2011. <https://www.irs.gov/pub/irs-soi/11rpchettyfriedmanrockoff.pdf>

SB552 Family Prosperity Act - fav - 2023 - ems.pdf

Uploaded by: Liz Simon-Higgs

Position: FAV

Dear Honorable Members of the Budget & Taxation Committee,

I am a resident of District 46 (Baltimore City) and a member of Showing Up for Racial Justice - Baltimore, a group of individuals working to move white folks as part of a multi-racial movement for equity and racial justice in Baltimore City, Baltimore County, and Howard County. **I am testifying in support of [SB0552](#).**



In 2021 the Maryland General Assembly passed the most effective anti-poverty and pro-low-income families legislation seen in the country - benefiting 450,000 families, and putting roughly \$275 million into our communities. The expansion of the earned income and child tax credit to include all Marylanders regardless of immigration status uplifted thousands of hardworking, tax-paying Maryland families facing economic hardship.

However, we know that economic recovery from the pandemic-era shutdowns has been disproportionate. After being excluded from receiving thousands of dollars in federal and state Covid relief stimulus payments undocumented immigrant communities have faced the brunt of the economic crisis. With price increases, stagnant wages, and high inflation it is imperative that the General Assembly make permanent the progress they green-lit in 2021.

Federal, state, and local working family tax credits are the most powerful anti-poverty tools we have, and our legislators must pass the Family Prosperity Act to preserve the strong and inclusive EITC expansions. These credits help people navigate times of crisis, reduce the number of children growing up in poverty, and strengthen our economy. Research shows that the EITC and CTC substantially benefit women and communities of color, and boosts maternal and infant health, school performance, and future earnings.

The Family Prosperity Act will invest in all of Maryland's families to create a stronger future. It is for these reasons that I am encouraging you to vote **in support of [SB0552](#).**

Thank you for your time, service, and consideration.

Sincerely,
Liz Simon-Higgs
308 E Randall Street, Baltimore, MD 21230
Showing Up for Racial Justice Baltimore

M Badeker_SB552 Family Prosperity Act.pdf

Uploaded by: Melissa Badeker

Position: FAV

Dear Dear Honorable Members of the **Budget & Taxation Committee**,

This testimony is being submitted by Showing Up for Racial Justice Baltimore, a group of individuals working to move white folks as part of a multi-racial movement for equity and racial justice in Baltimore City, Baltimore County, and Howard County. We are also working in collaboration with CASA. I am a resident of District 8. **I am testifying in support of [SB0552](#).**



In 2021 the Maryland General Assembly passed the most effective anti-poverty and pro-low-income families legislation seen in the country - benefiting 450,000 families, and putting roughly \$275 million into our communities. The expansion of the earned income and child tax credit to include all Marylanders regardless of immigration status uplifted thousands of hardworking, tax-paying Maryland families facing economic hardship.

However, we know that economic recovery from the pandemic-era shutdowns has been disproportionate. After being excluded from receiving thousands of dollars in federal and state Covid relief stimulus payments undocumented immigrant communities have faced the brunt of the economic crisis. With price increases, stagnant wages, and high inflation it is imperative that the General Assembly make permanent the progress they green-lit in 2021.

Federal, state, and local working family tax credits are the most powerful anti-poverty tools we have, and our legislators must pass the Family Prosperity Act to preserve the strong and inclusive EITC expansions. These credits help people navigate times of crisis, reduce the number of children growing up in poverty, and strengthen our economy. Research shows that the EITC and CTC substantially benefit women and communities of color, and boosts maternal and infant health, school performance, and future earnings.

The Family Prosperity Act will invest in all of Maryland's families to create a stronger future. It is for these reasons that I am encouraging you to vote **in support of [SB0552](#).**

Thank you for your time, service, and consideration.

Sincerely,

Melissa Badeker
3020 Linwood Avenue, Parkville MD 21234
Showing Up for Racial Justice Baltimore

MD Catholic Conference_FAV_SB0552.pdf

Uploaded by: MJ Kraska

Position: FAV



MARYLAND
CATHOLIC
CONFERENCE

March 1st, 2023

SB 552

Family Prosperity Act of 2023

Budget & Taxation Committee

Position: Favorable

The Catholic Conference is the public policy representative of the three (arch)dioceses serving Maryland, which together encompass over one million Marylanders. Statewide, their parishes, schools, hospitals, and numerous charities combine to form our state's second largest social service provider network, behind only our state government.

In 2021, Maryland took a big step forward in supporting working families by expanding the state Earned Income Tax Credit (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 Child Tax Credit (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.

Senate Bill 552 will help to create stronger families and combat childhood poverty 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.

We strongly believe that this bill acts as a tool that can help to offset the impact of inflation, provide relief to families, and improves the lives of children and families.

The Conference appreciates your consideration and respectfully urges a **favorable** report for Senate Bill 552.

CASA_FAV_SB552.pdf

Uploaded by: Ninfa Amador

Position: FAV



Testimony in SUPPORT of SB 552
Family Prosperity Act of 2023
Senate Budget and Taxation Committee

March 1, 2023

Dear Honorable Chair Guzzone and Members of the Committee,

CASA is pleased to offer favorable testimony in strong support of Senate Bill 552, the Family Prosperity Act of 2023. This critical legislation plays a key role in strengthening the Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC) - both of which CASA members are deeply impacted by.

With over 122,000 Black and Latino immigrant members, CASA is the foremost immigrant organization in the mid-Atlantic region and a national leader in advocacy for immigrant rights. Now a national immigrant powerhouse, CASA creates change with its model blending human services, community organizing, and advocacy in order to serve the full spectrum of needs, dreams, and aspirations of members.

As a member of the Tax Credits for Maryland Families (TCMF) coalition, CASA is committed to educating policymakers and the public about the state's working family tax credits - and ensuring that every eligible individual benefits from these poverty-reducing credits. In 2021, CASA was proud to lead efforts to expand the Earned Income Tax Credit to ITIN filers, following the lead of immigrant taxpayers - many of which file taxes with CASA at one of our IRS Volunteer Income Tax Assistance (VITA) sites that provide free tax services for low-income families.

Because of the language access available and various services offered at CASA's Welcome Center, our offices are seeing firsthand the drastic impact that the expansion of the EITC to ITIN filers, in particular, has on families. From extra gas money for a parent to get their child to school, to everyday groceries, to keeping the lights on at home - the ways in which the EITC has reduced poverty and lifted painful burdens on immigrant families has been transformative.

This bill, in addition to permanently expanding the EITC to ITIN holders, takes powerful steps to provide relief to families, including the matching of 45% of the federal EITC for low-income families, creating a state CTC, extending eligibility for children, and more.

CASA respectfully requests that the committee offer a favorable report on SB 552.

SB552 Family Prosperity Act - Rachael Mady .pdf

Uploaded by: Rachael Mady

Position: FAV

Dear Honorable Members of the Budget & Taxation Committee,

This testimony is being submitted by Showing Up for Racial Justice Baltimore, a group of individuals working to move white folks as part of a multi-racial movement for equity and racial justice in Baltimore City, Baltimore County, and Howard County. We are also working in collaboration with CASA. I am a resident of My name is Rachael Mady and I am a resident of District 12A. I've lived here most of my life, and attended Towson University for my undergraduate degree. **I am testifying in support of [SB0552](#).**



In 2021 the Maryland General Assembly passed the most effective anti-poverty and pro-low-income families legislation seen in the country - benefiting 450,000 families, and putting roughly \$275 million into our communities. The expansion of the earned income and child tax credit to include all Marylanders regardless of immigration status uplifted thousands of hardworking, tax-paying Maryland families facing economic hardship.

However, we know that economic recovery from the pandemic-era shutdowns has been disproportionate. After being excluded from receiving thousands of dollars in federal and state Covid relief stimulus payments undocumented immigrant communities have faced the brunt of the economic crisis. With price increases, stagnant wages, and high inflation it is imperative that the General Assembly make permanent the progress they green-lit in 2021.

Federal, state, and local working family tax credits are the most powerful anti-poverty tools we have, and our legislators must pass the Family Prosperity Act to preserve the strong and inclusive EITC expansions. These credits help people navigate times of crisis, reduce the number of children growing up in poverty, and strengthen our economy. Research shows that the EITC and CTC substantially benefit women and communities of color, and boosts maternal and infant health, school performance, and future earnings.

The Family Prosperity Act will invest in all of Maryland's families to create a stronger future. It is for these reasons that I am encouraging you to vote **in support of [SB0552](#).**

Thank you for your time, service, and consideration.

Sincerely,
Rachael Mady
4870 Dorsey Hall Drive, Unit 8, Ellicott City, MD 21042
Showing Up for Racial Justice Baltimore

SB0552_CC_Vaughan_FAV.pdf

Uploaded by: Regan Vaughan

Position: FAV



SB 552
Family Prosperity Act of 2023
Senate Budget and Taxation Committee
March 1, 2023

Support

Catholic Charities of Baltimore supports SB 552, which permanently expands Maryland’s Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) programs.

Inspired by the Gospel to love, serve and teach, Catholic Charities provides care and services to improve the lives of Marylanders in need. For 100 years, Catholic Charities has accompanied Marylanders as they age with dignity, obtain empowering careers, heal from trauma and addiction, achieve economic independence, prepare for educational success and feel welcome as immigrant neighbors. As the largest human service provider in Maryland working with tens of thousands of youth and families each year, we recognize the important role that tax credits – like the EITC and CTC – have in helping low-income families make ends meet.

The EITC and CTC are two of the most effective anti-poverty programs that we offer as a State. Every year, more than 400,000 low-income Marylanders benefit from the additional income that the EITC provides. Money received through both the EITC and CTC boosts local economies, as the additional dollars are often spent at neighborhood businesses on basic necessities such as shelter, clothing, and transportation. Working family tax credits substantially benefit women-lead households and communities of color, helping to address racial disparities in income and wealth.¹

SB 552 will help 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; and
- Permanently creating a state CTC and extending eligibility to all children under 6 years old, increasing income eligibility to \$15,000 or less, and eliminating the requirement that a taxpayer reduce the value of the credit by the amount of the federal CTC claimed.

In particular, SB 552 recognizes the contribution of immigrants to the fabric of our society as it permanently expands the EITC to ITIN filers. Since 1963, immigrants from all over the world have trusted the Esperanza Center, a Catholic Charities program, to help them navigate life in a new country. Through this work, we have witnessed the enormous contribution immigrant families make to our communities, and how they are left behind by being ineligible for most safety-net programs. Our entire society suffers when there is economic instability amongst a segment of our neighbors, and permanently codifying economic relief to the immigrant community will have a stabilizing effect for us all.

The EITC and CTC are tested, successful programs that engage Marylanders in the workforce and grow our economy. **For the reasons listed above, Catholic Charities of Baltimore appreciates your consideration, and urges the committee to issue a favorable report for SB 552.**

Submitted By: Regan Vaughan, Director of Advocacy

¹ Center of Budget and Policy Priorities. 2019. *Women of Color Especially Benefit from Working Family Tax Credits*. https://www.cbpp.org/research/federal-tax/women-of-color-especially-benefit-from-working-family-tax-credits#_ftn1

Eckel SURJ FAV SB552 Family Prosperity Act.pdf

Uploaded by: Rianna Eckel

Position: FAV

Dear Honorable Members of the **Budget & Taxation Committee**,



My name is Rianna Eckel, and I am a resident of the 43rd District. I am submitting this testimony as a member of Showing Up for Racial Justice Baltimore, a group of individuals working to move white folks as part of a multi-racial movement for equity and racial justice in Baltimore City, Baltimore County, and Howard County. We are also working in collaboration with CASA. **I am testifying in support of [SB0552](#).**

In 2021 the Maryland General Assembly passed the most effective anti-poverty and pro-low-income families legislation seen in the country - benefiting 450,000 families and putting roughly \$275 million into our communities. The expansion of the earned income and child tax credit to include all Marylanders regardless of immigration status uplifted thousands of hardworking, tax-paying Maryland families facing economic hardship.

However, we know that economic recovery from the pandemic-era shutdowns has been disproportionate. After being excluded from receiving thousands of dollars in federal and state Covid relief stimulus payments undocumented immigrant communities have faced the brunt of the economic crisis. With price increases, stagnant wages, and high inflation it is imperative that the General Assembly make permanent the progress they green-lit in 2021.

Federal, state, and local working family tax credits are the most powerful anti-poverty tools we have, and our legislators must pass the Family Prosperity Act to preserve the strong and inclusive EITC expansions. These credits help people navigate times of crisis, reduce the number of children growing up in poverty, and strengthen our economy. Research shows that the EITC and CTC substantially benefit women and communities of color, and boosts maternal and infant health, school performance, and future earnings.

The Family Prosperity Act will invest in all of Maryland's families to create a stronger future. It is for these reasons that I am encouraging you to vote **in support of [SB0552](#).**

Thank you for your time, service, and consideration.

Sincerely,
Rianna Eckel
2300 Hunter St, Baltimore, 21218
Showing Up for Racial Justice Baltimore

SB0552 - Child and Dependent Care Tax Credit Expan

Uploaded by: Sarah Johnson

Position: FAV

Dear Honorable Members of the **Senate Budget & Taxation Committee**,

This testimony is being submitted by Showing Up for Racial Justice Baltimore, a group of individuals working to move white folks as part of a multi-racial movement for equity and racial justice in Baltimore City, Baltimore County, and Howard County. We are also working in collaboration with CASA. My name is Sarah Johnson, and I am a resident of District 41 in Baltimore. **I am testifying in support of [SB0552](#).**



In 2021 the Maryland General Assembly passed the most effective anti-poverty and pro-low-income families legislation seen in the country - benefiting 450,000 families, and putting roughly \$275 million into our communities. The expansion of the earned income and child tax credit to include all Marylanders regardless of immigration status uplifted thousands of hardworking, tax-paying Maryland families facing economic hardship.

However, we know that economic recovery from the pandemic-era shutdowns has been disproportionate. After being excluded from receiving thousands of dollars in federal and state Covid relief stimulus payments undocumented immigrant communities have faced the brunt of the economic crisis. With price increases, stagnant wages, and high inflation it is imperative that the General Assembly make permanent the progress they green-lit in 2021.

Federal, state, and local working family tax credits are the most powerful anti-poverty tools we have, and our legislators must pass the Family Prosperity Act to preserve the strong and inclusive EITC expansions. These credits help people navigate times of crisis, reduce the number of children growing up in poverty, and strengthen our economy. Research shows that the EITC and CTC substantially benefit women and communities of color, and boosts maternal and infant health, school performance, and future earnings.

The Family Prosperity Act will invest in all of Maryland's families to create a stronger future. It is for these reasons that I am encouraging you to vote in support of [SB0552](#).

Thank you for your time, service, and consideration.

Sincerely,
Sarah Johnson
1 Merryman Court
Baltimore, MD 21210
Showing Up for Racial Justice Baltimore

SB 552_MD Center on Economic Policy_FAV.pdf

Uploaded by: Stacey Jefferson

Position: FAV



MARCH 1, 2023

Strengthening Working Family Tax Credits Will Benefit Maryland Families and the Economy

Position Statement Supporting Senate Bill 552

Given before the Senate Budget and Taxation Committee

Working family tax credits, like Maryland's state Earned Income Tax Credit (EITC) and Child Tax Credit (CTC), are proven, powerful tools that help ensure kids don't grow up in poverty and help families afford the basic things their households need. Maryland took a big step forward in supporting working families in 2021 when it created a modest CTC, expanded the state EITC to include thousands of low-income workers who were previously ineligible for the credit, and increased the value of the credit for all recipients. **The Maryland Center on Economic Policy supports Senate Bill 552, the Family Prosperity Act, because it would create long-term economic security for working families.**

Preserving a Stronger Earned Income Tax Credit

The 2021 expansions made more than 100,000 people newly eligible for the state EITC. The expansions also significantly increased the value of the credit for all recipients, more than 400,000 altogether:

- The average state credit increased to \$1,100, with more than 400,000 Marylanders benefitting from this larger credit
- Upward of 90,000 workers not claiming dependents became eligible for a max credit of \$530, several times greater than the credit they were previously eligible for. SB 552 would allow the max credit to increase with inflation, matching 100% of the federal credit for workers not claiming dependents on their taxes.
- More than 100,000 immigrant taxpayers are potentially now eligible for the credit, with 30,000 to 40,000 households per year newly receiving the credit based on Tax Year 2020 and 2021 filings, according to data from the Comptroller's Office.

Whether it's covering a large one-time expense, like a car repair or books for school, or making it easier to cover the monthly bills, refundable tax credits can have a powerful impact. With rapidly rising costs for everyday essentials like food, gas, and rent, Maryland families need this support more than ever. SB 552 would make the 2021 expansions of the EITC permanent.

Reducing Child Poverty Through a Stronger Child Tax Credit

SB 552 would also build on the modest state Child Tax Credit the General Assembly enacted in 2021 and extend a much-needed income boost to 24,000 or more Maryland children in very low-income households who are now locked out of the federal CTC.

The federal Child Tax Credit provides families an income boost of up to \$2,000 per child at tax time. The credit benefits households in a wide range of income levels, with the majority taking home between \$10,000 and \$75,000 each year. About 300,000 Maryland households claimed the low-income (refundable) portion of the credit in 2016. Research has long shown that this income boost can bring lifetime benefits—improving children’s health, helping them succeed in school, and ultimately enabling many to get better jobs in adulthood.¹ Yet for many children who would gain the most from increased family income, the credit currently provides only small benefits or leaves them out entirely:

- Families whose income is less than \$2,500 per year are not eligible to claim the credit at all.
- Families with slightly higher incomes—up to about \$25,000 for a single parent with one child, or higher for larger families—can claim a partial credit, but are not eligible for the full \$2,000 per child.
- The Trump administration's signature federal tax overhaul expanded the maximum value of the credit from \$1,000 to \$2,000 per child, but capped the refundable portion that is most helpful to low-income families at a lower amount. This choice shut struggling families out of the biggest benefits, even as the law handed a windfall to large corporations and wealthy individuals.
- Worse yet, the 2017 tax law for the first time required children to have a Social Security number to be eligible for the full credit, taking much-needed benefits away from about 1 million children nationwide who were born outside the United States.
- While these limitations were temporarily reversed for tax year 2021 under the American Rescue Plan Act, Congress has not yet acted to further extend the major improvements Child Tax Credit that were part of that legislation. This increases the need for state-level action to strengthen the credit.

Senate Bill 552 would guarantee low-income families with young children or children with disabilities a benefit of \$500 per child. It also removes the sunset and makes the credit permanent. Unlike the federal credit, Senate Bill 552 does not lock out children in families with the lowest incomes or children without a Social Security number. Altogether, it would put \$17 million into the hands of thousands of families each year, benefiting 34,000 or more Maryland children.² This modest income boost could mean better access to nutritious food or enriching reading materials, or could even help keep the electricity or heat on.

Strengthening the EITC for Workers Not Claiming Dependents

As drafted, SB 552 currently leaves out one additional reform that was included in similar legislation in the past (HB 992 of 2022). This change would go one step further and would address one other issue affecting workers who don’t have children or don’t claim their child as a dependent on their taxes. Once people in this group earn just over \$15,500 per year, they are no longer eligible for the credit. That means someone working full time at Maryland’s current minimum wage and not claiming dependents on their taxes would earn too much to qualify for the EITC, even though they are still earning too little to support even themselves. In fact, many people who work for very low wages go deeper into poverty because they don’t qualify for a meaningful tax break.³

MDCEP recommends strengthening SB 552 by increasing the maximum income for the state EITC to \$23,540 for single filers. This would benefit more than 134,000 Marylanders who are now struggling to get by on low wages.

People who don't claim a dependent child still can be in a caregiver role, such as a non-custodial parent, an expectant parent, or someone informally helping support and care for a family member. Other recipients are young people just starting out in the workforce and trying to support themselves. All would see significant benefits from the increased income limit.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Budget and Taxation Committee make a favorable report on Senate Bill 552.

Equity Impact Analysis: Senate Bill 552

Bill summary

SB 552 would help low-income families in poverty by:

- Matching 45% of the federal EITC for low income working families
- Matching 100% of the federal EITC for low-income single filers unable to claim dependents
- Maintaining eligibility for taxpayers who use an Individual Taxpayer Identification Number
- Strengthening Maryland's state counterpart to the federal Child Tax Credit. Tax filers would be eligible to claim the credit if they have a qualifying child under age six or an older child who has a disability, and have federal adjusted gross income under \$15,000. The credit would guarantee that eligible filers receive a state Child Tax Credit of \$500.

Background

In 2021, the General Assembly increased the refundable state EITC to 45% of the recipient's federal credit for families and 100% (up to \$530) for single filers unable to claim dependents. The legislature also allowed all taxpayers who meet the criteria, including those who use an ITIN to file taxes, to receive the EITC.

In 2018 the legislature removed the minimum age for receiving the EITC, allowing thousands of young low-income workers to qualify for the state EITC for the first time. Prior to 2018 the minimum age was 25.

The federal Child Tax Credit provides families a credit of up to \$2,000 per child. In 2016, about 300,000 Maryland households claimed the refundable portion of the credit, which is capped at \$1,400 per child. Families with annual income less than \$2,500 are not eligible to claim the federal credit, and families with income below about \$25,000 can claim only a partial credit. Research shows that increased family income in early childhood can bring lifetime health, educational, and workforce benefits.

The 2017 federal tax overhaul expanded the maximum value of the credit from \$1,000 to \$2,000 per child, but capped the refundable portion that is most helpful to low-income families at \$1,400, meaning that millions of children nationwide saw only minimal gains. The law also for the first time required children to have a social security number to be eligible for the full credit, taking away existing benefits from about 1 million children nationwide.

Equity Implications

- Expanding the EITC would make our tax system more equitable. The lowest-income Marylanders now pay about 9.8 percent of their income in state and local taxes – a greater share of their income than the wealthiest 1 percent of Marylanders (those earning more than \$534,800 per year).⁴
- Senate Bill 552 would take a meaningful step towards correcting this imbalance.
- 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

While there are not sufficient data to estimate the characteristics of people who would benefit from the Child Tax Credit portion of the bill, data from the federal Child Tax Credit as well as legislation to improve the credit suggest that the bill would likely bring the largest benefits to women and people of color:

- Analysis of the Working Families Tax Relief Act, a federal bill proposed in 2020 to expand and improve the federal Earned Income Tax Credit and Child Tax Credit, including reforms similar to those in SB 552. Among households expected to benefit from this bill, 57 percent were households of color; 40% were Black households; 11 percent were Latinx households; and 8 percent were Asian, American Indian/Alaska Native, or belonging to another racial group.
- As of tax year 2012, 65 percent of Maryland parents benefiting from the federal EITC or CTC were women.
- Because SB 552 increases benefits for families with the lowest incomes—who, because of historical and ongoing policies, are disproportionately made up of women and people of color—the bill would likely have even greater benefits for these groups than the current Child Tax Credit.
- The bill departs from the 2017 tax law approach of intentionally harming people born outside the United States. Instead, SB 552 offers the credit to immigrant and United States-born children equally.

Impact

Senate Bill 552 would likely **improve racial, economic, and gender equity** in Maryland.

¹ Chuck Marr, Chye-Ching Huang, Arloc Sherman, and Brandon Debot, "EITC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children's Development, Research Finds," Center on Budget and Policy Priorities, 2015, <https://www.cbpp.org/research/federal-tax/eitc-and-child-tax-credit-promote-work-reduce-poverty-and-support-childrens>

² Total benefits based on the fiscal and policy note for House Bill 919 of 2022. At a maximum benefit of \$500 per child, this cost implies that at least 34,000 children would receive the credit.

³ Chuck Marr and Chye-Ching Huang, "Strengthening the EITC for Childless Workers Would Promote Work and Reduce Poverty." Center on Budget and Policy Priorities. Feb. 20, 2015. <http://www.cbpp.org/research/strengthening-the-eitc-for-childless-workers-would-promote-work-and-reduce-poverty>

⁴ Institute on Taxation and Economic Policy, "Who Pays? 6th Edition, State-by-state data," Oct. 17, 2018, <https://itep.org/whopays-map/>

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>

Anne Arundel County_FAV_SB552.pdf

Uploaded by: Steuart Pittman

Position: FAV



March 1, 2023

Senate Bill 552

**Family Prosperity Act of 2023
Senate Budget and Taxation Committee**

Position: SUPPORT

The Family Prosperity Act of 2023 will make important changes to the state's Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC) to alleviate poverty and increase economic resources for our most vulnerable Maryland families and children. This legislation will ensure that Maryland children with disabilities do not lose their current benefits and will provide additional support to families with young children.

Anne Arundel County as a whole is a wealthy county. Our 2018 Poverty Amidst Plenty report found that our median household income reached \$99,652, higher than that of Maryland and of the United States. Although the majority of county residents are economically secure, there were still about 34,314 county residents estimated to be living in poverty at the end of 2017. A little over a quarter of these individuals were age 17 or younger.

Maryland has made significant progress in creating and expanding these programs in recent years. Legislation passed in 2021 created a temporary state CTC for disabled children in families with income of less than \$6,000. That same year, legislation enacted changes to expand the refundable EITC. SB 552 will build on that progress by permanently extending the state's EITC and removing the \$530 cap for adults without qualifying children. The bill will also expand the state's CTC to cover taxpayers with children 5 and under who have a federally adjusted gross income of \$15,000 or less. Finally, the bill retains the existing credit for children older than 6, which only applies to children with disabilities.

The EITC and the CTC are proven policies for reducing economic hardship and have been linked to many positive effects on families and children. Research on both tax credits has shown a strong connection between increased family income and lasting improvements in children's health, education, and future earnings. These credits also are demonstrated to have a greater impact on reducing poverty for households of color.

Thank you to Governor Wes Moore for including this important legislation in his legislative agenda, and thank you to the 73 House co-sponsors who signed on in support of this legislation. Please continue to build on legislative efforts to help Maryland families rise out of poverty by issuing a **FAVORABLE** report on SB 552.

Stuart Pittman
County Executive

SEIU 500 SB552 Family Prosperity Act BT Testimony.

Uploaded by: Terry Cavanagh

Position: FAV



**Hearing Testimony March 1, 2023
Senate Budget and Tax Committee
Service Employees International Union, Local 500, CtW, CLC**

Senate Bill 552 – Family Prosperity Act 2023

SUPPORT

SEIU Local 500 represents over 20,000 working people in Maryland, Washington D.C., and Virginia. Our union represents the support staff at the Montgomery County Public School system, Family Child Care Providers, Faculty and Staff at several Maryland colleges and universities, staff at non-profits and many other working people across the region. SEIU Local 500 strongly supports Senate Bill 552 the Family Prosperity Act of 2023. We thank Governor Moore for making this one of his legislative priorities during his first term as Governor. In the richest state in the richest country in the history of the world, there is no excuse for having nearly 190,000 children living in poverty. The Family Prosperity Act is one policy that strives to leave no one behind.

The Family Prosperity Act will permanently strengthen Maryland's Earned Income Tax Credit (EITC) and Child Tax Credit (CTC). It combines two proven, effective tax credit programs that have been shown to uplift families and reduce the rate of childhood poverty. The bill increases economic security for more than 40,000 working families by permanently adopting the larger EITC adopted in 2021. Without this legislation, these families will effectively get a tax increase when they file their taxes this year.

By passing SB 552 Maryland will further strengthen its commitment to children and working families. Research shows it substantially benefits women and communities of color and helps keep people engaged in the workforce. Unfortunately, many people's ability to stay connected to the workforce is threatened, as currently many low-paid workers are fighting to gain or maintain financial security. Refundable tax credits can serve as critical tools to help keep working families afloat. Children that live in deep poverty have a hard time succeeding in school. Their families have fewer resources to devote to educational programs, especially ones that are before kindergarten. This means that these children are at higher risk of falling behind their peers. Research shows that states that have strong EITC participation on the state and federal level also see increased academic performance¹.

¹ [Michigan State University](#)

**Service Employees International Union, Local 500, CtW, CLC
901 Russell Avenue, Suite 300, Gaithersburg, MD 20879
301-740-7100 www.seiu500.org
Pia Morrison, President**



SB 552 will help fight childhood poverty by:

- Permanently creating a state CTC
- Extending eligibility to all children under 6 years of age
- Increasing income eligibility to \$15,000 or less
- Eliminating the reduction of the value of the credit by the amount of the federal CTC claimed

Members of the Senate Budget and Tax Committee, we can, and we must do better. Senate Bill 552 will permanently strengthen Maryland's EITC and CTC and provide additional aid to tens of thousands of Marylanders. **We ask for your support for SB 552 and strongly urge a favorable committee report.** Thank you each for your dedication to our state and for considering our testimony.

**Service Employees International Union, Local 500, CtW, CLC
901 Russell Avenue, Suite 300, Gaithersburg, MD 20879
301-740-7100 www.seiu500.org
Pia Morrison, President**

(2.28) SB 552- Family Prosperity Act of 2023.pdf

Uploaded by: Tonaeya Moore

Position: FAV



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

March 1, 2023

SUPPORT

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

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.**

We are a member of the Tax Credits for Maryland Families (TCMF) coalition. TCMF is a coalition of more than 20 organizations committed to educating policymakers and the public about the state's working family tax credits. Maryland is one of 28 states that offer a state-level EITC, and one of 10 states that offer a state-level CTC. Both credits are the largest and most effective anti-poverty tool for Maryland residents.

EITC

Each year, Maryland's EITC gives a much-deserved break to more than 400,000 Marylanders who work hard but still struggle to get by on low wages. Research shows EITC refunds are typically spent locally – on groceries or transportation to and from work – benefiting our local economy. Additionally, for every dollar spent on the EITC, \$1.24 is returned to the local economy. We know that when economic downturns happen, individuals spend less money in local economies. By expanding and providing more support for low-income workers, local economies will also receive a much-needed boost.

The EITC is incredibly effective for those who receive it; however, prior to the changes in 2021 through the RELIEF Act, the credit was not as valuable for single filers unable to claim dependents and excluded immigrant taxpayers.

The RELIEF Act strengthened and expanded the EITC which:

- Increased the expected average state credit to \$1,100, benefiting over 400,000 Marylanders
- Made the EITC more valuable for workers unable to claim dependents, and
- Included 80,000 immigrant taxpayers who have been left out of receiving the EITC and COVID relief efforts

CTC

SB 552 will help to create stronger families in Maryland. The CTC is a crucial tool in combating childhood poverty. It is used to mitigate costly expenses that negatively impact families' overall well-being. Families have expenses such as childcare, transportation, health, and school materials. Maryland's credit is set to expire this year and only reaches a limited population by:

- restricting income to under \$6,000 a year,
- applying only to children with a disability, and

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- penalizing families for receiving the federal CTC.

Maryland can join other states in using a broad Child Tax Credit as a tool to fight childhood poverty. This can be accomplished by passing legislation to maintain Maryland's CTC and expanding the credit to help it reach more Maryland families. Particularly, a well-targeted state CTC can help families who are left out of receiving the full federal credit because they earn too little money. Households experiencing poverty suffer from limited access to food, unemployment, unstable housing, inadequate medical care, and utility shutoffs. These consequences have long-term negative effects on children that follow them into adulthood. SB 552 is a crucial step forward in combating childhood poverty and fostering secure families for future generations.

We urge a favorable report on SB 552 in order to reduce poverty, encourage work, and fuel Maryland's economy.

Creating Assets, Savings and Hope

TCMF Family Prosperity Act of 2023 Testimony - Sen

Uploaded by: Robin McKinney

Position: FWA

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.