



Welfare Advocates

Founded 1979

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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>
