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SB0380 – Income Tax - Subtraction Modification - Water Affordability Assistance
February 22, 2023
Budget and Taxation

FAVORABLE

On behalf of Food & Water Watch and our 44,000 supporters in Maryland, **I strongly urge a favorable report on SB0380.** This legislation will allow water affordability assistance to be subtracted from gross income for state income taxes purposes. Water bill assistance to low-income households is clearly in the nature of relief to promote the general welfare and should not be includible in gross income for tax purposes.

SB0380 will enable equitable access to water affordability assistance to tenants in multifamily homes.

Tenants in multifamily units rarely have access to low-income water assistance because they share a centralized water meter and are not individual direct customers of a water utility. Baltimore City has designed an equitable solution for this problem through its Water4All program, the comprehensive income-based water affordability program launched last year. Baltimore City provides affordability assistance directly to tenants in multifamily units on prepaid cards to offset their water costs paid to landlords. Unfortunately, the city has warned that the assistance could count as income and is requiring W9s from tenants to access the low-income water affordability program.

SB0380 will help ensure that water affordability assistance doesn't cause harm to low-income tenants. Counting water affordability assistance as income can have cascading impacts on a low-income household, potentially jeopardizing their access to other income-qualified assistance programs and potentially disqualifying them from subsidized housing, SNAP, social security, or disability benefits.

SB0380 will allow Baltimore City to expand water affordability assistance to hundreds, if not thousands, of tenant households. According to DPW's monthly review, as of mid-February, more than 600 tenants have not accepted the affordability assistance. The Department has indicated in conversations that filing the W-9 is the main obstacle. The average income of households who are applying is less than \$17,000 a year. There is a clear need to expand access to this program.



The Maryland Advisory Committee to the U.S. Commission on Civil Rights similarly has recommended this action: “The state of Maryland should declare water assistance nontaxable income.”

I strongly urge you to give a favorable report on SB0380 to remove water affordability assistance from state income taxes and help ensure equitable access to water for all Marylanders.

Thank you for your time and consideration,

Mary Grant

Public Water for All Campaign Director

Food & Water Watch