



**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.**

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