

**Testimony in Support of HB547 - Family Prosperity Act of 2023***Ways and Means – February 16, 2023*

**The Goal:** Governor Moore’s Family Prosperity Act of 2023 will help low-wage Maryland workers reduce their tax burden by altering the percentage of the federal Earned Income Tax Credit (EITC) used for determining the amount that an individual can claim as a refund under our State’s EITC. Further, it would allow more families to qualify for the Child Tax Credit (CTC) by expanding eligibility requirements. As a Delegate I was proud to vote for the temporary expansion of the EITC as part of the RELIEF Act and now I am grateful to have the ability to strongly support this legislation to ensure we are building communities that are more equitable, more resilient, and more prosperous.

Unfortunately, Maryland has a significant gap between those taxpayers who are eligible for the EITC and those who actually claim it. To address this gap, and to boost the effectiveness of the EITC program and Governor Moore’s legislation, the Comptroller’s Office will aim to create an outreach pilot program. The goal of the pilot is to increase awareness and claimant rates around individual eligibility for the EITC and develop best practices in order to roll out a larger scale program in the future.

**Why it Matters:** In tax year 2021, 302,201 taxpayers that were eligible for the state EITC and did not claim it on their return. Any eligible taxpayer who does not participate in the EITC misses out on a meaningful tax refund. In order to maximize the value of this program we must make every effort to support eligible Marylanders and reach them with the opportunity to receive the EITC. Relying on affected taxpayers to properly file negatively impacts participation and decreases the potential effectiveness of the program.

**Recommendations:** In coordination with the Governor’s office, the General Assembly should consider allocating resources dedicated to running an outreach pilot program to encourage eligible individuals to claim the state EITC. This could work effectively in tandem with Governor Moore’s legislation in order to maximize its impact.

