

TCMF Family Prosperity Act of 2023 Testimony.pdf

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Position: FAV

TAX CREDITS FOR MARYLAND FAMILIES

HB 547 - Family Prosperity Act of 2023

House Ways and Means Committee

February 16, 2023

SUPPORT

Chair Atterbeary, Vice-Chair, and members of the committee thank you for the opportunity to testify today in support of House Bill 547. 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.

HB 547 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

HB 547 will help combat poverty and invest in Maryland families to create a stronger future.

While HB 547 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 HB 547.

¹ Census, [The Supplement Poverty Measure: 2020](#)

For more information about TCMF, please contact Tonaeya Moore at tonaeya@cashmd.org.

HB547_Family Prosperity Act of 2023_Maryland Commu

Uploaded by: Angela Martin

Position: FAV



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(443) 482-5168

HB 547 - Family Prosperity Act of 2023
House Ways and Means Committee
February 16, 2023
SUPPORT

Chair Atterbeary, Vice-Chair and members of the committee, thank you for the opportunity to testify today in support of House Bill 547. This bill will permanently strengthen Maryland's Earned Income Tax Credit (EITC) and Child Tax Credit (CTC).

The Maryland Community Action Partnership (MCAP) is a statewide non-profit organization comprised of Maryland's 17 Community Action Agencies, which collectively serve every Maryland county, serving 858,741 individuals in 2021. Together, we work toward eradicating homelessness and poverty to realize our vision of ensuring that all Maryland individuals and families are stable, economically secure, and live in safe and thriving communities.

Maryland is one of the 28 states that values their hard-working, low-income citizens by offering a state version of the EITC. This credit is one of the most powerful anti-poverty tools utilized by federal, state, and local governments. 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. Right now, many low-paid workers are fighting to gain or maintain financial security and refundable tax credits are a critical tool for supporting them.

In 2021, the Maryland General Assembly passed historic legislation, [Senate Bill 218](#), which created the state's first CTC. This created a temporary credit for families that make under \$6,000 and have a child under 6 years old or is under 17 years old and has a disability. The credit can be claimed for up to \$500 and only if the family did not receive the maximum federal CTC. **This legislation was an important step at combating childhood poverty through tax credits; however, it is inadequate in continuing to provide low-income families relief.**

EITC/CTC and School

Children that live in deep poverty have a hard time succeeding in school. Their families have less 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. This increases the opportunity for children to finish high school and pursue post-secondary education. Children that live in deep poverty have a hard time succeeding in school. Their families have less 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 the CTC along with the EITC improves children's educational achievement².

¹ [Michigan State University](#)

² [IRS: NEW EVIDENCE ON THE LONG-TERM IMPACTS OF TAX CREDITS](#)



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EITC/CTC and Workforce

HB 547 can improve parents' connection to the workforce, which will result in stronger families. Working can be expensive for families. Parents need childcare, transportation, and other support to be able to participate in the workforce. By strengthening Maryland's EITC, families can receive money that can be directly used to manage some of these factors. This means that these families will have a greater opportunity to increase work hours, therefore increasing that family's income for longer than the initial credit. Research has shown that the EITC increases labor force participation for single mothers and is meaningful for reducing poverty³. HB 547 can improve parents' connection to the workforce, which will result in stronger families. Working can be expensive for families. Parents have to have childcare, transportation, and other support to be able to participate in the workforce. By establishing a Maryland CTC, families can receive money that can be directly used to manage some of these factors. This means that these families will have a higher opportunity to increase work hours, therefore increasing that family's income for longer than the initial credit. Research has shown that the CTC increases labor force participation for single mothers and has the most impact on mothers with young children from 3-5 years old⁴.

EITC/CTC and Health

Families that live in deep poverty also have decreased access to health services. Health issues experienced at a young age can have effects that will follow children throughout adulthood. Unfortunately, some families will have to delay treatment or forego necessary intervention, because they cannot afford the extra expense. The EITC has been strongly linked with improved health outcomes for mother and infants and greater health improvements happen when more generous EITC benefits are available⁵. Families that live in deep poverty also have decreased access to health services. Health issues experienced at a young age can have effects that will follow children throughout adulthood. Unfortunately, some families will have to delay treatment or forego necessary intervention, because they cannot afford the extra expense. Many families plan to use CTC funds for health care expenses⁶

EITC and Food Security

Families struggling with food insecurity worry about the amount and quality of food available. This leads to reduced food intake and missed meals. Research has shown that families increase the amount they spend on healthy food and the National Health and Nutrition Examination Survey showed receiving the EITC improved sufficient food consumption and sufficient money for food for both women and men⁷. Families struggling with food insecurity worry about the amount and quality of food available. This leads to reduced food intake and missed meals. Children that suffer from food insecurity face decrease academic performance, are at risk for health and developmental complications, and will have difficulties keeping track with their peers⁸. The CTC has been shown to improve the overall wellbeing of families including access to food⁹.

³ [National Bureau of Economic Research](#)

⁴ [Niskanen Center](#)

⁵ [CDC](#)

⁶ [Brookings Institute](#)

⁷ [Center on Budget and Policy Priorities](#)

⁸ [Feeding America](#)

⁹ [Poverty Solutions, University of Michigan](#)



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EITC and Housing

According to the National Low Income Housing Coalition (NLIHC), 39% of low-income and 86% of extremely low-income households are cost burdened to due housing expenses in Maryland. Cost burden is when a household is spending more than 30% of their income on housing expenses¹⁰. Increases in the EITC can help reduce housing cost burdens, household crowding, and reducing doubling up. Improving housing outcomes and increasing the stability in living arrangements of children, the EITC may help reduce the intergenerational consequences of housing instability¹¹.

EITC and Childless Workers

Single filer childless workers are the only group being taxed further into poverty¹². This includes young veterans', youth aging out of foster care or transitioning out of homelessness, single men struggling to remain engaged in the workforce, non-custodial parents, and pregnant first-time mothers. By keeping the expanded EITC for single filers, Maryland has the opportunity to invest in low-income working Marylanders who need additional support. Single filers who are unable to claim dependents are not eligible for many other safety net programs, and the EITC provides much-needed tax relief to this struggling demographic.

EITC and ITIN Workers

It is important for workers who file taxes with an ITIN to maintain eligibility for Maryland's EITC. The main goal of the EITC is to lift low wage workers from poverty and encouraging people to work. Immigrant workers pay over \$100 million in taxes annually without being eligible for most tax credits or public assistance programs. Permanently extending the numerous benefits of the EITC to ITIN filers will not only improve immigrant communities' connection to the workforce, but it will also support local businesses. All low-income Marylanders deserve access to the EITC to improve their economic security and strengthen families across the state.

HB 547 will 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 ITIN filers

HB 547 will help fight childhood poverty by:

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

¹⁰ [National Low Income Housing Coalition \(NLIHC\)](#)

¹¹ [The Effect of the Earned Income Tax Credit on Housing and Living Arrangements](#)

¹² [Center on Budget and Policy Priorities](#)



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The EITC and CTC are the most powerful tools local, state, and federal governments use to lift families out of poverty. HB 547 will permanently strengthen Maryland's EITC and CTC and provide additional aid to millions of Marylanders.

For these reasons, we encourage a favorable report on HB 547.

If there is any additional information that I can provide for you as you consider this bill, I would be happy to help. You can contact me at amartin@maryland-cap.org, or by calling 205-757-0764.

Sincerely,

A handwritten signature in blue ink, appearing to be "Angela Martin". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Angela Martin, Executive Director

HB 547 - Maryland Food Bank - SUPPORT.pdf

Uploaded by: Anne Wallerstedt

Position: FAV

HB 547

Family Prosperity Act of 2023 House Ways and Means Committee February 16, 2023

SUPPORT

House Bill 547 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; 2 in 5 Maryland families making less than \$35,000 a year experienced food insufficiency, and a similar percentage reported that their children were 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, 37% 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 HB 547.

CASA_FAV_HB547.pdf

Uploaded by: Cathryn Paul

Position: FAV



Testimony in SUPPORT of HB547

Family Prosperity Act of 2023

Ways and Means Committee

February 15, 2023

Dear Honorable Chair Atterbeary and Members of the Committee,

CASA is pleased to offer favorable testimony in strong support of House Bill 547, 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 HB547.

Chante Westfield. Testimony 2.16.23.pdf

Uploaded by: Chante Westfield

Position: FAV

My name is Chante' Westfield, a resident of Baltimore County. I'm a proud member of Capital Area Food Bank's Client Leadership Council program.

House Bill 547 is truly a lifesaver to low-income families such as mine. Despite working full time including overtime opportunities we struggle to make ends meet.

It has helped my family in more ways than one. The extra credit during the pandemic helped reduce debt by having the extra money to pay more on bills. It is much appreciated. Just this past month my family was homeless. We were evicted from our apartment. This caused my kids to miss so much school. The pandemic knocked us off track and we couldn't catch back up. 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 House Bill 547.

Thank you so much for the opportunity to testify.

HB 547_MFN_FAV_Macsherry.pdf

Uploaded by: Clinton Macsherry

Position: FAV



Testimony Concerning HB 547
“Family Prosperity Act of 2023”
Submitted to the House Ways & Means Committee
February 16, 2023

Position: Favorable

Maryland Family Network (MFN) supports HB 547, 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 HB 547.



2023-02-16 HB 547 Support.pdf

Uploaded by: Hannibal Kemerer

Position: FAV

ANTHONY G. BROWN
Attorney General



CANDACE McLAREN LANHAM
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STATE OF MARYLAND
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February 16, 2023

TO: The Honorable Vanessa Atterbear
Chair, Ways and Means Committee

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

RE: HB0547 – Family Prosperity Act of 2023 (Support)

The Office of the Attorney General requests a favorable report on House Bill 547, 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, House Bill 547 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. House Bill 547 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 House Bill 547.

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

HB 547 Support - W&M - EITC-CTC Permanent.pdf

Uploaded by: Henry Bogdan

Position: FAV



marylandnonprofits.org

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February 16, 2023

Testimony on House Bill 547
Family Prosperity Act of 2023
House Ways and Means Committee

Position: Favorable

Maryland Nonprofits is a statewide association of more than 1500 nonprofit organizations and institutions. We urge you to **support House Bill 547** to make permanent the current strengthened version of Maryland's Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) approved during the pandemic. .

Maryland is one of the 28 states that values their hard-working, low-income citizens by offering a state version of the EITC. This credit is one of the most powerful anti-poverty tools utilized by federal, state, and local governments. 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. Right now, many low-paid workers are fighting to gain or maintain financial security and refundable tax credits are a critical tool for supporting them.

In 2021, the Maryland General Assembly passed historic legislation, [Senate Bill 218](#), which created the state's first CTC. This created a temporary credit for families that make under \$6,000 and have a child under 6 years old or is under 17 years old and has a disability. The credit can be claimed for up to \$500 and only if the family did not receive the maximum federal CTC. **This legislation was an important step at combating childhood poverty through tax credits; however, it is inadequate in continuing to provide low-income families relief.**

As demonstrated by testimony submitted by others, including the CASH Campaign of Maryland, the Earned Income Tax Credit and Child Tax Credit in combination can make significant improvements in: **School Achievement ; Workforce Access and Performance; Child, Individual and Family Health; Food Security; and Adequate Safe Housing.** In addition, House Bill 547 makes permanent the extension of these benefits to taxpaying ITINO filers and improves the benefits for childless working -poor individuals.

In sum, these benefits enhance the quality of life of many if not most of the people served across the state by all types of nonprofit organizations.

We strongly urge you to give House Bill 547 a FAVORABLE report.



Maryland Nonprofits' mission is to strengthen organizations and networks for greater quality of life and equity.

WDC 2023 Testimony HB0547_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

**House Bill 547 – Family Prosperity Act of 2023
Ways and Means Committee – February 16, 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 HB0547. 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 HB0547 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

HB547 - FAV- Family Prosperity Act of 2023_FINALDR

Uploaded by: Joe Francaviglia

Position: FAV

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.



HB0547_Testimony_CapitalAreaFoodBank_2.16.23.pdf

Uploaded by: Julia Lemp

Position: FAV

Julia Lemp, Advocacy and Public Policy Specialist, Capital Area Food Bank
HB0547 – Family Prosperity Act of 2023
Ways and Means Committee
Hearing Date 2/16/2023 at 1pm
Testimony of SUPPORT

Chairwoman Atterbeary and members of the committee,

On behalf of the Capital Area Food Bank, we offer our support for HB0547 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 HB0547 and encourages a favorable report by the committee. Thank you.

HB 547_MD Center on Economic Policy_FAV.pdf

Uploaded by: Kali Schumitz

Position: FAV



FEBRUARY 16, 2023

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

Position Statement Supporting House Bill 547

Given before the House Ways and Means 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 House Bill 547, 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. HB 547 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. HB 547 would make the 2021 expansions of the EITC permanent.

Reducing Child Poverty Through a Stronger Child Tax Credit

HB 547 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.

House Bill 547 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, House Bill 547 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, HB 547 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 HB 547 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 Ways and Means Committee make a favorable report on House Bill 547.

Equity Impact Analysis: House Bill 547

Bill summary

HB 547 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
- House Bill 547 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 HB 547. 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 HB 547 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, HB 547 offers the credit to immigrant and United States-born children equally.

Impact

House Bill 547 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>

HB547 Family Prosperity Act 2023.pdf

Uploaded by: Kenneth Phelps, Jr.

Position: FAV



TESTIMONY IN SUPPORT OF HB 0547:
Family Prosperity Act
of 2023

****FAVORABLE****

TO: Delegate Vanessa E. Atterbearly, Chair, Delegate Jheanelle K. Wilkins, Vice Chair and the members of the House Ways and Means Committee

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

DATE: February 16, 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 HB547
Family Prosperity Act of 2023
February 16, 2023**

TO: The Honorable Vanessa Atterbear, Chair; The Honorable Jheanelle Wilkins, Vice Chair; and Members of the Ways and Means 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 HB547. 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, helping to support many households 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.

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)

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>

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. 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 HB547 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/>

WA- HB 547 - Family Prosperity Act - FAV.docx.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

House Bill 547 Family Prosperity Act of 2023

House Ways and Means Committee
February 16, 2022

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 HB 547, 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.

HB 547 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 HB 547.**

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/11rpchettvriedmanrockoff.pdf>

HB 547 - MoCo_Elrich_FAV (GA 23).pdf

Uploaded by: Marc Elrich

Position: FAV



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

February 16, 2023

TO: The Honorable Vanessa E. Atterbary
Chair, Ways and Means Committee

FROM: Marc Elrich
County Executive

RE: House Bill 547, *Family Prosperity Act of 2023*
Support

I am writing to express my strong support for the passage of House Bill 547, *Family Prosperity Act of 2023*. The proposal removes the sunset on legislation that passed during the 2021 Session allowing for a substantial increase in the State's Earned Income Tax Credit (EITC), expanded to include taxpayers that did not have social security numbers. The bill also repeals the limit on the amount of tax credits a taxpayer without a "qualifying child" may claim. Finally, the bill greatly improves upon the existing State Child Tax Credit by broadening the definition of "qualified child" to include any child under the age of six and increasing eligible taxpayer income limits.

The permanent extension of a greatly enhanced EITC and the expansion of the Child Tax Credit provide ample evidence that Maryland policy makers understand the value of these programs and the difference they can make in the lives of low-income families in our State. Twenty-eight other states and the District of Columbia also leverage the federal credits by providing their own. It is a response to the question of why, in a country like the United States, with tremendous assets and wealth, should we be okay with children living in poverty and what can we do to change that dynamic?

As the County Executive of Montgomery County, I am just as impassioned. For many years now, the County has provided a match to the State's refundable EITC. Like the State, we know that providing this additional support for our low and moderate-income earners reduces the likelihood of workers being taxed into poverty.

We also know what the research shows – that the EITC:

- supports and encourages work;
- helps provide resources to cover the basics, including rent;

The Honorable Vanessa Atterbeary

Re: House Bill 547

February 16, 2023

Page 2

- benefits local economies;
- helps promote racial equity and reduces poverty for communities of color;
- improves long-term outcomes for the children of recipients; and
- is a program that is almost always supported “across the aisles.”

For all of these reasons I urge you to act expeditiously on House Bill 547 by advancing it to the House Floor as soon as possible.

cc: Members of the Ways and Means Committee

NASW Maryland - 2023 HB 547 FAV - Family Prosperit

Uploaded by: Mary Beth DeMartino

Position: FAV

**Ways and Means Committee
February 16, 2023**

House Bill 547: Family Prosperity Act

*****SUPPORT*****

The National Association of Social Workers – Maryland Chapter, an organization representing social workers statewide, is asking for your support for House Bill 547: 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 HB547 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>

HB547 RMC Support Testimony - Family Prosperity Ac

Uploaded by: Megan D'Arcy

Position: FAV



Susan O'Neill, Chair

Charlotte Davis, Executive Director

Testimony in Support of
House Bill 547 – Family Prosperity Act of 2023
Ways and Means Committee
February 16, 2023

The Rural Maryland Council supports House Bill 547 – 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 (EITC).

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 through 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 House Bill 547.

HB 547_MCYD_DeLong.pdf

Uploaded by: Michael DeLong

Position: FAV



Testimony of Montgomery County Young Democrats to House Ways and Means Committee in Support of HB 547–Family Prosperity Act of 2023

February 16th, 2023

Chair Atterbeary, Vice Chair Wilkins, members of the House Ways and Means Committee:

The Montgomery County Young Democrats strongly support [HB 547, the Family Prosperity Act of 2023](#), and urge your support for the bill. The Family Prosperity Act would permanently extend Maryland’s Earned Income Tax Credit and expand the Child Tax Credit. It would help Marylanders living in poverty, promote economic mobility, and greatly reduce child poverty.

Maryland is a wealthy state but our overall wealth masks significant economic hardship for many of our residents. According to the [U.S. Census Bureau](#), 10.3% of Marylanders live in poverty, meaning that for a family of four, they earn \$27,750 or less. Poverty is especially harmful to children, since many poor families struggle to afford basic necessities like food, shelter, and health care. Children who grow up poor often have poorer health outcomes, lower educational attainment, and increased difficulty finding jobs as adults. All of these factors contribute to a cycle of poverty that is difficult to break—poor children are more likely to grow up to be poor adults.

Recognizing this, the Maryland Legislature took action. In 2021 the Legislature passed an expansion of Maryland’s Earned Income Tax Credit, which extended the tax credit to undocumented immigrants, certain survivors of domestic violence, and student visa holders. The expansion also included a child tax credit for people who make \$6,000 or less and who have children with disabilities.

Maryland’s earned income tax credit is intended to benefit working people with low or moderate incomes. The credit either gives people money back at tax time or lowers the federal taxes that they owe—it provides help to low-wage workers and rewards them for having a job. The 2021 expanded tax credit helped many Marylanders who were harmed by the COVID-19 pandemic

and were struggling to pay their bills. However the expansion was only temporary which has raised concerns about the impact on workers when it expires.

The Family Prosperity Act—HB 547—would permanently extend that expansion of Maryland's Earned Income Tax Credit, providing lasting help to workers. The current law also caps the tax credit at \$530 for adults without qualifying children, and HB 547 would remove that harmful and arbitrary cap. The Family Prosperity Act further expands the Child Tax Credit to cover taxpayers with children 5 and under and who have an income of less than \$15,000. Currently the tax credit can only apply to taxpayers with kids who earn \$6,000 or less, which is an appallingly low threshold. This reform will raise the income limit under which people can get the tax credit by \$11,000, which will help tens of thousands of Marylanders living in poverty.

Governor Wes Moore's budget proposal [allocates \\$171 million](#) for this permanent extension of the Earned Income Tax Credit and expansion of the Child Tax Credit. In his recent State of the State address, Governor Moore pledged to end child poverty, saying, "No group deserves our help more than the children of Maryland. In a state with the highest median income in the country, one in eight of our children lives in poverty." The Family Prosperity Act is one of his top priorities; it will strike a major blow against child poverty, and enable tens of thousands of families to flourish.

This may seem like a wonky and abstract issue that has little impact on most people's lives. But nothing could be further from the truth. Maryland's Earned Income Tax Credit provides badly needed funds to Maryland families, helping them keep a roof over their head and put food on the table. And this expansion will help them ever more.

We Montgomery County Young Democrats believe that budgets are moral documents. A budget reflects who we are and what our society values. No one who works full time should live in poverty, and no child should grow up in poverty. It is our responsibility to ensure that American abundance is distributed so that everyone can share in prosperity. And it is time for the House of Delegates and the Senate to make the correct moral choices and end child poverty in Maryland.

The Montgomery County Young Democrats urge the House Ways and Means Committee to favorably report HB 547, the Family Prosperity Act.

Please contact us at mocoyoungdems@gmail.com if you have any questions.

Sincerely,

The Montgomery County Young Democrats

TCMF Family Prosperity Act of 2023 _CAN.pdf

Uploaded by: Mitchell Posner

Position: FAV



For more information, contact:

Mitchell Posner, CAN Chief Executive Officer, and
Chair, Legislative Committee, MD Community Action Partnership
at 410-336-8035 or mposner@canconnects.org

HB 547 - Family Prosperity Act of 2023
House Ways and Means Committee
February 16, 2023
SUPPORT

Chair Atterbeary, Vice-Chair and members of the committee, thank you for the opportunity to testify today in support of House Bill 547. This bill will permanently strengthen Maryland's Earned Income Tax Credit (EITC) and Child Tax Credit (CTC).

The Community Assistance Network (CAN) is the designated anti-poverty agency for Baltimore County and part of a network of 1,000 independent Community Action Agencies across the country dedicated to alleviating the effects of poverty for those in our communities who are most vulnerable. CAN's mission is to work in partnership with the community to develop, operate, and support programs that reduce the vulnerability and empower personal growth, dignity, stability, and self-sufficiency among people in Baltimore County experiencing economic challenges. Throughout our nearly 60-year history, CAN has been dedicated to providing resources to meet people's basic, emergency needs so that they can take concrete steps along a path to self-sufficiency and personal growth.

Each year, CAN serves thousands of neighbors in need in Baltimore County, focusing on areas of housing, food, and economic security; many of whom benefit from the EITC and CTC. The stark realities of those experiencing economic challenges in Baltimore County and across the state of Maryland cannot be overstated, and the situation has only become more severe as the pandemic has persisted. Expansion of EITC and CTC offerings for Maryland's most vulnerable neighbors will provide dignity and allow for more personal choices in household decisions. House Bill 547 would provide a step in the right direction for Maryland and help CAN staff in our work to alleviate the economic hardships we see in our work every day.

Maryland is one of the 28 states that values their hard-working, low-income citizens by offering a state version of the EITC. This credit is one of the most powerful anti-poverty tools utilized by federal, state, and local governments. 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. Right now, many low-paid workers are fighting to gain or maintain financial security and refundable tax credits are a critical tool for supporting them.

In 2021, the Maryland General Assembly passed historic legislation, [Senate Bill 218](#), which created the state's first CTC. This created a temporary credit for families that make under \$6,000 and have a child under 6 years old or is under 17 years old and has a disability. The credit can be claimed for up to \$500 and only if the family did not receive the maximum federal CTC. **This legislation was an important step at combating childhood poverty through tax credits; however, it is inadequate in continuing to provide low-income families relief.**

For more information, contact:

Mitchell Posner, CAN Chief Executive Officer, and
Chair, Legislative Committee, MD Community Action Partnership
at 410-336-8035 or mposner@canconnects.org

EITC/CTC and Workforce

HB 547 can improve parents' connection to the workforce, which will result in stronger families. Working can be expensive for families. Parents need childcare, transportation, and other support to be able to participate in the workforce. By strengthening Maryland's EITC, families can receive money that can be directly used to manage some of these factors. This means that these families will have a greater opportunity to increase work hours, therefore increasing that family's income for longer than the initial credit. Research has shown that the EITC increases labor force participation for single mothers and is meaningful for reducing poverty¹. HB 547 can improve parents' connection to the workforce, which will result in stronger families. Working can be expensive for families. Parents have to have childcare, transportation, and other support to be able to participate in the workforce. By establishing a Maryland CTC, families can receive money that can be directly used to manage some of these factors. This means that these families will have a higher opportunity to increase work hours, therefore increasing that family's income for longer than the initial credit. Research has shown that the CTC increases labor force participation for single mothers and has the most impact on mothers with young children from 3-5 years old².

EITC and Food Security

Families struggling with food insecurity worry about the amount and quality of food available. This leads to reduced food intake and missed meals. Research has shown that families increase the amount they spend on healthy food and the National Health and Nutrition Examination Survey showed receiving the EITC improved sufficient food consumption and sufficient money for food for both women and men³. Families struggling with food insecurity worry about the amount and quality of food available. This leads to reduced food intake and missed meals. Children that suffer from food insecurity face decrease academic performance, are at risk for health and developmental complications, and will have difficulties keeping track with their peers⁴. The CTC has been shown to improve the overall wellbeing of families including access to food⁵.

EITC and Housing

According to the National Low Income Housing Coalition (NLIHC), 39% of low-income and 86% of extremely low-income households are cost burdened to due housing expenses in Maryland. Cost burden is when a household is spending more than 30% of their income on housing expenses⁶. Increases in the EITC can help reduce housing cost burdens, household crowding, and reducing doubling up. Improving housing outcomes and increasing the stability in living arrangements of children, the EITC may help reduce the intergenerational consequences of housing instability⁷.

EITC and Childless Workers

¹ [National Bureau of Economic Research](#)

² [Niskanen Center](#)

³ [Center on Budget and Policy Priorities](#)

⁴ [Feeding America](#)

⁵ [Poverty Solutions, University of Michigan](#)

⁶ [National Low Income Housing Coalition \(NLIHC\)](#)

⁷ [The Effect of the Earned Income Tax Credit on Housing and Living Arrangements](#)



For more information, contact:

Mitchell Posner, CAN Chief Executive Officer, and
Chair, Legislative Committee, MD Community Action Partnership
at 410-336-8035 or mposner@canconnects.org

Single filer childless workers are the only group being taxed further into poverty⁸. This includes young veterans', youth aging out of foster care or transitioning out of homelessness, single men struggling to remain engaged in the workforce, non-custodial parents, and pregnant first-time mothers. By keeping the expanded EITC for single filers, Maryland has the opportunity to invest in low-income working Marylanders who need additional support. Single filers who are unable to claim dependents are not eligible for many other safety net programs, and the EITC provides much-needed tax relief to this struggling demographic.

EITC and ITIN Workers

It is important for workers who file taxes with an ITIN to maintain eligibility for Maryland's EITC. The main goal of the EITC is to lift low wage workers from poverty and encouraging people to work. Immigrant workers pay over \$100 million in taxes annually without being eligible for most tax credits or public assistance programs. Permanently extending the numerous benefits of the EITC to ITIN filers will not only improve immigrant communities' connection to the workforce, but it will also support local businesses. All low-income Marylanders deserve access to the EITC to improve their economic security and strengthen families across the state.

HB 547 will 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 ITIN filers

HB 547 will help fight childhood poverty by:

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

The EITC and CTC are the most powerful tools local, state, and federal governments use to lift families out of poverty. HB 547 will permanently strengthen Maryland's EITC and CTC and provide additional aid to millions of Marylanders.

For these reasons, we encourage a favorable report on HB 547.

⁸ [Center on Budget and Policy Priorities](#)

MD Catholic Conference_FAV_HB0547.pdf

Uploaded by: MJ Kraska

Position: FAV



MARYLAND
CATHOLIC
CONFERENCE

February 16th, 2023

HB 547

Family Prosperity Act of 2023

House Ways & Means 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.

House Bill 547 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 House Bill 547.

HB0547_CC_Vaughan_FAV.pdf

Uploaded by: Regan Vaughan

Position: FAV



HB 547
Family Prosperity Act of 2023
House Ways and Means Committee
February 16, 2023
Support

Catholic Charities of Baltimore supports HB 547, 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

HB 547 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, HB 547 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 HB 547.**

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

HB 547- Family Prosperity Act of 2023.pdf

Uploaded by: Robin McKinney

Position: FAV



HB 547 - Family Prosperity Act of 2023
House Ways and Means Committee
February 16, 2023
SUPPORT

Chairwoman Atterbeary, Vice-Chair, and members of the committee thank you for the opportunity to provide testimony in support of House Bill 547. 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

HB 547 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

Creating Assets, Savings and Hope



- 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. HB 547 is a crucial step forward in combating childhood poverty and fostering secure families for future generations.

We urge a favorable report on HB 547 in order to reduce poverty, encourage work, and fuel Maryland's economy.

Creating Assets, Savings and Hope

(MAP) HB 547 - Family Prosperity Act of 2023.pdf

Uploaded by: Stacey Jefferson

Position: FAV



TESTIMONY IN SUPPORT OF HB 547

Family Prosperity Act of 2023

House Ways and Means Committee

February 16, 2023

Submitted by Kali Schumitz and Mark Huffman, Co-Chairs

Member Agencies:

211 Maryland

Baltimore Jewish Council

Behavioral Health System Baltimore

CASH Campaign of Maryland

Energy Advocates

Episcopal Diocese of Maryland

Family League of Baltimore

Fuel Fund of Maryland

Job Opportunities Task Force

Laurel Advocacy & Referral Services,
Inc.

League of Women Voters of Maryland

Loyola University Maryland

Maryland Center on Economic Policy

Maryland Community Action
Partnership

Maryland Family Network

Maryland Food Bank

Maryland Hunger Solutions

Paul's Place

St. Vincent de Paul of Baltimore

Welfare Advocates

Marylanders Against Poverty

Kali Schumitz, Co-Chair

P: 410-412- 9105 ext 701

E: kschumitz@mdeconomy.org

Mark Huffman, Co-Chair

P: (301) 776-0442 x1033

E: MHuffman@laureladvocacy.org

Marylanders Against Poverty (MAP) strongly supports HB 547, which expands Maryland's Earned Income Tax Credit (EITC) and Child Tax Credit (CTC).

The EITC and CTC are critical anti-poverty tools. The EITC helps low-wage workers in Maryland by reducing their tax burden, creating additional economic security for themselves, and strengthening low-income workers' connections to the workforce. The EITC helps people make ends meet and continue working despite low wages. EITC refunds are used to cover bills or afford things that could be difficult to afford at any other time. For example, people can use the credit to address health concerns. They can catch up on medical bills, make health insurance payments, or cover the cost of a doctor's appointment or medication.

This credit will help bridge a gap left by federal policy. For federal policy, there are families that earn too little to receive a substantial EITC. Some families do not qualify to receive the CTC at all. Maryland has the opportunity to not only increase the amount of credit low-income working families receive but to also cover families that make too little for federal policy.

Establishing a state CTC will boost the health and financial stability of low-income families. When families have more access to money, they can seek medical services, buy more health supplies, and they have a greater opportunity to obtain food and housing security. Working can be expensive for families. Parents need childcare, transportation, and other support to be able to participate in the workforce. By establishing a Maryland CTC, families can receive money that can be directly used to manage some of these factors. This means that these families will have a higher opportunity to increase work hours, therefore increasing that family's income for longer than the initial credit.

It is important for workers who file taxes with an ITIN to maintain eligibility for Maryland's EITC. The main goal of the EITC is to lift low-wage workers from poverty and encourage people to work. Immigrant workers pay over \$100 million in taxes annually without being eligible for most tax credits or public assistance programs. Permanently extending the numerous benefits of the EITC to ITIN filers will not only improve immigrant communities' connection to the workforce, but it will also support local businesses. All low-income Marylanders deserve access to the EITC to improve their economic security and strengthen families across the state.

MAP appreciates your consideration and urges the committee to issue a favorable report for HB 547.

Marylanders Against Poverty (MAP) is a coalition of service providers, faith communities, and advocacy organizations advancing statewide public policies and programs necessary to alleviate the burdens faced by Marylanders living in or near poverty, and to address the underlying systemic causes of poverty.

Anne Arundel County_FAV_HB547.pdf

Uploaded by: Steuart Pittman

Position: FAV



February 16, 2023

House Bill 547

**Family Prosperity Act of 2023
House Ways and Means 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.

While 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. HB 547 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 HB 547.

Stuart Pittman
County Executive

HB0547_FAV_MarylandRise.pdf

Uploaded by: Trap Jervey

Position: FAV



Contact: Trap Jervey, trap@marylandrise.org

**Testimony in SUPPORT of HB 547
Chairman Atterbeary
House Ways & Means Committee**

Maryland Rise is a non-partisan not-for-profit organization working to promote economic opportunity for all Marylanders, not just the wealthy and well-connected. We are testifying today in support of HB 547 because with increasing inflation **it is more important than ever to protect Maryland's struggling families by expanding the Earned Income Tax Credit.**

Maryland is one of the 28 states that values their hard-working, low-income citizens by offering a state version of the EITC. This credit is one of the most powerful anti-poverty tools utilized by federal, state, and local governments. 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.** Right now, many low-paid workers are fighting to gain or maintain financial security and refundable tax credits are a critical tool for supporting them.

In 2021, the Maryland General Assembly passed historic legislation, [Senate Bill 218](#), which created the state's first CTC. This created a temporary credit for families that make under \$6,000 and have a child under 6 years old or is under 17 years old and has a disability. The credit can be claimed for up to \$500 and only if the family did not receive the maximum federal CTC. This legislation was an important step at combating childhood poverty through tax credits; however, it is inadequate in continuing to provide low-income families relief.

EITC/CTC and School

Children that live in deep poverty have a hard time succeeding in school. Their families have less 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. This increases the opportunity for children to finish high school and pursue post-secondary education. Children that live in deep poverty have a hard time succeeding in school. Their families have less 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 the CTC along with the EITC improves children's educational achievement².**

EITC/CTC and Workforce

HB 547 can improve parents' connection to the workforce, which will result in stronger families. Working can be expensive for families. Parents need childcare, transportation, and other support to be able to participate in the workforce. By strengthening Maryland's EITC, families can receive money that can be directly used to manage some of these factors. This means that these families will have a greater opportunity to increase work hours, therefore increasing that family's income for longer than the initial credit. Research has shown that the EITC increases labor force participation for single mothers and is meaningful for reducing poverty³. HB 547 can improve parents' connection to the workforce, which will result in stronger families. Working can be expensive for families. Parents have to have childcare, transportation, and other support to be able to participate in the workforce. By establishing a Maryland CTC, families can receive money that can be directly used to manage some of these factors. This means that these families will have a higher opportunity to increase work hours, therefore increasing that family's income for longer than the initial credit. Research has shown that the CTC increases labor force participation for single mothers and has the most impact on mothers with young children from 3-5 years old⁴.

EITC/CTC and Health

Families that live in deep poverty also have decreased access to health services. Health issues experienced at a young age can have effects that will follow children throughout adulthood. Unfortunately, some families will have to delay treatment or forego necessary intervention, because they cannot afford the extra expense. The EITC has been strongly linked with improved health outcomes for mother and infants and greater health improvements happen when more generous EITC benefits are available⁵. Families that live in deep poverty also have decreased access to health services. Health issues experienced at a young age can have effects that will follow children throughout adulthood. Unfortunately, some families will have to delay treatment or forego necessary intervention, because they cannot afford the extra expense. Many families plan to use CTC funds for health care expenses⁶

EITC and Food Security

Families struggling with food insecurity worry about the amount and quality of food available. This leads to reduced food intake and missed meals. Research has shown that families increase the amount they spend on healthy food and the National Health and Nutrition Examination Survey showed receiving the EITC improved sufficient food consumption and sufficient money for food for both women and men⁷. Families struggling with food insecurity worry about the amount and quality of food available. This leads to reduced food intake and missed meals. Children that suffer from food insecurity face decrease academic performance, are at risk for health and developmental complications, and will have difficulties keeping track with their peers⁸. The CTC has been shown to improve the overall wellbeing of families including access to food⁹.

EITC and Housing

According to the National Low Income Housing Coalition (NLIHC), 39% of low-income and 86% of extremely low-income households are cost burdened to due housing expenses in Maryland. Cost burden is when a household is spending more than 30% of their income on housing expenses¹⁰. Increases in the EITC can help reduce housing cost burdens, household crowding, and reducing doubling up. Improving housing outcomes and increasing the stability in living arrangements of children, the EITC may help reduce the intergenerational consequences of housing instability¹¹.

EITC and ITIN Workers

It is important for workers who file taxes with an ITIN to maintain eligibility for Maryland's EITC. The main goal of the EITC is to lift low wage workers from poverty and encouraging people to work. Immigrant workers pay over \$100 million in taxes annually without being eligible for most tax credits or public assistance programs. Permanently extending the numerous benefits of the EITC to ITIN filers will not only improve immigrant communities' connection to the workforce, but it will also support local businesses. All low-income Marylanders deserve access to the EITC to improve their economic security and strengthen families across the state.

HB 547 will 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 ITIN filers

HB 547 will help fight childhood poverty by:

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The EITC and CTC are the most powerful tools local, state, and federal governments use to lift families out of poverty. HB 547 will permanently strengthen Maryland's EITC and CTC and provide additional aid to millions of Marylanders.

For these reasons, we encourage a favorable report on HB 547.

HB 547 FAV OCE Testimony JF LS23.pdf

Uploaded by: Victoria Venable

Position: FAV



FREDERICK COUNTY GOVERNMENT
OFFICE OF THE COUNTY EXECUTIVE

Jessica Fitzwater
County Executive

HB 547 - Family Prosperity Act of 2023

DATE: February 16, 2023
COMMITTEE: House Ways and Means 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 **HB 547 - 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 HB 547 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