



Maryland Community Action Partnership
420 Chinquapin Round Rd., Suite 2i
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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 read "Angela Martin". The signature is stylized and fluid.

Angela Martin, Executive Director