



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.**

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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 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](#)



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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](#)