

February 13, 2024

The Honorable Guy Guzzone, Chair
Senate Budget and Taxation Committee
Miller Senate Office Building
3 West, Annapolis, Maryland 21401

RE: TESTIMONY ON SB 676 - TAX ASSISTANCE FOR LOW-INCOME MARYLANDERS - FUNDING - POSITION: FAVORABLE

Dear Chair Guzzone and Members of the Budget and Taxation Committee:

The Maryland Department of Human Services (DHS) thanks the Committee for the opportunity to provide support for Senate Bill 676 (SB 676). With offices in every one of Maryland's jurisdictions, DHS assists Marylanders in economic need, provides preventive services, and protects children and adults. The Family Investment Administration (FIA) within DHS oversees multiple programs whose beneficiaries are directly affected by SB 676.

SB 676 aligns seamlessly with our mission to support Maryland families with low-incomes by requiring the Comptroller to distribute abandoned property funds to the Tax Clinics for Low-Income Marylander's Fund starting in fiscal year 2026 and allocating \$800,000 in the annual budget for the CASH Campaign of Maryland for on-demand and mobile tax clinics. These changes will strengthen the safety net programming offered by the Family Investment Administration, ensuring enhanced access to essential tax assistance for those in need.

The partnership between DHS and the CASH Campaign of Maryland is vital. The CASH Campaign's commitment to offering free financial coaching, planning, and tax preparation services provides pivotal services for improving the financial well-being of our clients. The Bank on Maryland program, part of a national effort to reduce unbanked individuals, is instrumental in providing safe financial products and services to DHS customers, thereby mitigating the financial challenges associated with being unbanked or underbanked.

The CASH Campaign's free tax preparation sites offer an alternative to for-profit preparers that charge fees our clients can't afford and often mislead customers into accepting high interest loans. By offering free tax preparation service, CASH Campaign helps DHS customers keep their hard-earned money in their pockets. In 2023, the Statewide Coalition operated 41 tax sites, filing over 16,700 returns. Marylanders benefited significantly, receiving \$25 million in tax refunds and saving \$5 million in tax preparation fees. These impressive outcomes underscore the importance of supporting the proposed amendments in SB 676.

We believe this bill will contribute significantly to the well-being of Marylanders experiencing lower incomes and strengthen our collective efforts to provide essential support and services. We appreciate the opportunity to offer our support for SB 676 to the Committee for consideration during your deliberations. We look forward to the decision of the Committee and welcome continued collaboration on SB 676.



If you require additional information, please contact Rachel Sledge, Director of Government Affairs, at rachel.sledge@maryland.gov.

In service,

A handwritten signature in black ink, appearing to read 'Rafael López', written in a cursive style.

Rafael López
Secretary