



**SB 676 - Tax Assistance for Low-Income Marylanders – Funding
Budget and Taxation Committee
February 14, 2024
POSITION: SUPPORT**

Chair Guzzone, Vice-Chair Rosapepe, and members of the committee, thank you for the opportunity for the undersigned organizations to submit testimony in support of Senate Bill 676. This bill will distribute funds to the Tax Clinics for Low-Income Marylanders Fund and increase the state grant to the CASH Campaign to \$800,000 so we can continue expanding access to free tax preparation.

The CASH Campaign of Maryland promotes economic advancement for low- to moderate-income individuals and families in Baltimore and across Maryland. It 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. One of the many ways CASH and its partners across the state achieves this is by providing free tax preparation services through the IRS Volunteer Income Tax Assistance (VITA) program. CASH’s VITA program provides free tax preparation services to help low-income individuals and families file tax returns, avoid predatory fees, and claim the Earned Income Tax Credit (EITC). **Almost 4,000 of CASH’s tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

The tax system was the main vehicle used to deliver relief from the pandemic, and now that the emergency financial relief programs are over, more Marylanders need financial support than ever. Not only have federal emergency financial relief programs ended, cost of living due to inflation has been at an all-time high over the past 3 years. The inflation rate average from 2021 to 2023 was 5.6%.¹ It is crucial that Marylanders receive quality tax preparation services to get the financial assistance they need. Last year, CASH enabled Maryland residents to save \$4 million in tax preparation fees and delivered \$28.5 million in state and federal refunds directly to Marylanders.



¹ <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>



Tax preparation is no longer a seasonal activity from January to April. CASH has moved to a year-round tax model where we work with clients to prepare back taxes through the end of October. To serve counties across the state, CASH hires seasonal workers who are site managers and manages hundreds of tax volunteers to provide services at our 26 tax sites. Longer tax seasons allow for more people to be served, and it increases the cost to support our partners and site managers.

From 2022 to 2023, CASH noticed a 94% increase in grant requests from our tax sites. We were unable to accommodate all the requests and did not fund the full amount requested for each site. Even though CASH could not fund all the requests, the tax sites are still projected to prepare over 13,000 returns this tax season. CASH expects the grant request amounts to continue to increase from tax sites around the state, and SB 676 would help CASH better meet the demand.

SB 676 would also ensure that financial resources are distributed to The Tax Clinics for Low-Income Marylanders Fund. This fund provides funding to the University of Maryland School of Law, the University of Baltimore School of Law, and Maryland Volunteer Law Service (MVLS). These organizations are designated by the IRS as Low-Income Taxpayer Clinics (LITC). This means that they help represent low-income people in disputes with the IRS, and they provide education and outreach to people who speak English as a second language. LITC's are helpful in communities because they provide representation for little to no fee. They receive a small amount of funding from the IRS, and there is an income ceiling to qualify for the low-income clinic based on family size. Additional allocated funds through SB 676 would greatly benefit these sites and their ability to provide services to low-income Marylanders.

Increasing CASH's state grant will help strengthen the free tax preparation infrastructure which will help Maryland families receive their full refunds.

For these reasons, CASH and the undersigned organizations encourage a favorable report on SB 676.

Organizations

Anne Arundel Community College
Associated Catholic Charities, Inc.
CASA
Center for Urban Families
Delmarva Community Services, Inc.
Economic Action Maryland
Homeless Persons Representation Project
Laurel Advocacy & Referral Services, Inc.
MakingChange, Inc
Maryland Center for Collegiate Financial Wellness
Maryland Center on Economic Policy
Maryland Food Bank
Maryland Hunger Solutions
Maryland Nonprofits
Maryland Rise
Montgomery County Community Action Board
Prince George's Community College Financial Empowerment Center

Creating Assets, Savings and Hope



Rural Maryland Council
The Equity Center - Cross Community Inc.
The Financial Empowerment Center at Prince George's Community College
The Woodside Foundation
United Way of Frederick County
Wilmax Advisory LLC

Creating Assets, Savings and Hope