



Montgomery County Community Action Board Testimony
HB608: Earned Income Tax Credit - Individuals Without Qualifying Children – Eligibility
February 8, 2024
SUPPORT

TO: The Honorable Vanessa Atterbear; 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 HB608, which would increase the income eligibility for the state EITC for single filers without qualifying dependents.

Currently, a worker without dependents who makes minimum wage, *earns too much* to qualify for the Maryland EITC. Workers who would benefit from this expansion include non-custodial parents, young adults without family support, and those with disabilities who may have limited employment opportunities and additional expenses. Single filers are subject to unplanned expenses without the ability to share those costs. Raising the income eligibility limit for these taxpayers would therefore allow the EITC to help more residents who are 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 the credit’s impact on racial equity as research has shown its greater impact on reducing poverty for households of color².

Expansions of the state EITC are particularly important in Montgomery County, where the County’s Working Families Income Supplement (WFIS) matches a portion of the state EITC. We are very fortunate to be one of just a handful of local jurisdictions that supplements matching funds to the state credit. HB608 would allow more Montgomery County residents, including ITIN filers, to receive larger refunds, helping filers pay for necessities like food and housing.

This bill is also of particular interest to our board because the Montgomery County Community Action Agency oversees the County’s Volunteer Income Tax Assistance (VITA) Partnership, and also hosts the County’s only year-round free tax preparation VITA site. Last year, the agency’s 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.cbpp.org/research/state-budget-and-tax/state-earned-income-tax-credits-help-build-opportunity-for-people-of>

program completed over 1,900 tax returns for lower-income County households last year, with a total free tax impact of \$7 million. Expanding the EITC will help VITA programs across the state ensure that single filers receive larger refunds.

It is important to note that the Maryland EITC is especially significant in an area like Montgomery County, and so many parts of the state, where the cost of living is so high. According to the 2023 Montgomery County Self-Sufficiency Standard, a single adult must earn \$47,294 to pay for basic necessities, over three times the federal poverty level.³ Larger tax refunds would have a significant impact on single filers, helping them move closer to the Self-Sufficiency Standard.

The Montgomery County Community Action Board strongly supports HB608 and asks for the Committee's favorable report.

³ https://www.montgomerycountymd.gov/HHS-Program/Resources/Files/MDMontCo2023_SSS.pdf