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Marylanders Against Poverty

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TESTIMONY IN SUPPORT OF HB 608

Earned Income Tax Credit -Individuals Without Qualifying Children – Eligibility

Ways and Means Committee

February 8, 2024 1pm

Submitted by Mark Huffman, Co-Chair

Marylanders Against Poverty (MAP) strongly supports HB 608 which expands access to the Earned Income Tax Credit (EITC) for single filers unable to claim dependents by increasing the maximum income requirement and connecting it with the state's cost of living adjustments each year.

Maryland is one of the 31 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. Unfortunately, the credit is not as widely available for single filers who are unable to claim dependents. Right now, many young workers are not eligible to receive the EITC or receive a very small credit, which means they are taxed further into poverty. With HB 608, we have the opportunity to make work pay for more low-income workers in Maryland, including veterans and youth aging out of foster care.

The proposed adjustments will increase the maximum income for the state EITC to \$27,000 and will adjust to the cost of living each year, which would increase economic security for 100,000 of the lowest-paid Marylanders. HB 608 is an opportunity to help low-income single filers that do not claim dependents lessen the amount of taxes owed, and potentially increase their refund. Expanding the EITC would allow more Marylanders to claim up to \$600 during tax season. Working family credits like the EITC also help boost local businesses as taxpayers spend tax refunds - every dollar invested in the EITC generates \$1.23 of economic activity.

Maryland ranks 7th among the states for highest cost of living.¹ A single adult without dependents would need to make at least \$40,798 per year in order to pay for basic expenses.² Currently, Marylanders who are working full-time minimum wage jobs earn \$31,200 annually, which is too much to qualify for the EITC, even though their salary is less than the amount needed to cover basic expenses. Low-income workers, even when working 40 hours a week, are left in vulnerable positions. They are more likely to experience financial hardship. By increasing access to the EITC for single filers, Maryland has the opportunity to invest in Marylanders who need it most. The passage of HB 608 would reduce taxes for a large majority of low-income workers, putting them on a path to long-term financial stability.

MAP appreciates your consideration and urges the committee to issue a favorable report for HB 608.

¹ <https://www.forbes.com/advisor/mortgages/cost-of-living-by-state>

² <https://livingwage.mit.edu/states/24>

Marylanders Against Poverty (MAP) is a coalition of service providers, faith communities, and advocacy organizations advancing statewide public policies and programs necessary to alleviate the burdens faced by Marylanders living in or near poverty, and to address the underlying systemic causes of poverty.