

TAX CREDITS FOR MARYLAND FAMILIES

SB 668 - Earned Income Tax Credit - Individuals Without Qualifying Children - Eligibility

Senate Budget and Taxation Committee

February 12, 2025

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 668. This bill 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.

Tax Credits for Maryland Families (TCMF) is a coalition of more than 20 organizations across the state committed to educating policymakers and the public about the state's working family tax credits, the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC). Our mission is to ensure every eligible individual and family receives the EITC and CTC and identify policy goals that will provide relief for low-income workers. **The coalition identifies opportunities to strengthen the state's working family tax credits and ensure the credits reach all eligible taxpayers.**

Maryland is one of the 31 states that value 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 SB 668, 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. SB 668 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 SB 668 would reduce taxes for a large majority of low-income workers, putting them on a path to long-term financial stability.**

For these reasons, the undersigned organizations encourage a favorable report on SB 668.

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

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

For more information about the TCMF Coalition or the EITC please contact Tonaeya Moore at tonaeya@cashmd.org or visit our website at taxcreditsformdfamilies.org.

TAX CREDITS FOR **MARYLAND** **FAMILIES**

Organizations

CASH Campaign of Maryland
Maryland Center on Economic Policy
Maryland Nonprofits
CASA
League of Women Voters of Maryland
Anne Arundel County Food Bank
Montgomery County Community Action Board
Fair Share Maryland
Maryland Food Bank
Baltimore Jewish Council
Maryland Family Network
Maryland Center for Collegiate Financial Wellness
Advance Maryland
Association of Community Services of Howard County
Jobs Opportunity Task Force
Maryland Hunger Solutions