
TESTIMONY IN SUPPORT OF SENATE BILL 668
Earned Income Tax Credit – Individuals Without Qualifying Children - Eligibility
Budget & Taxation Committee
February 12, 2025

Social Work Advocates for Social Change strongly supports SB 668, which will expand eligibility for Maryland’s Earned Income Tax Credit (EITC) for individuals without qualifying children through an increase in the credit’s income and phase-out thresholds. The General Assembly has an opportunity to strengthen the State EITC, a long-established and highly effective anti-poverty tool. The EITC also addresses economic inequity across racial lines and is thus a valuable step toward economic justice. Finally, the expansion of the Maryland EITC would help address the dearth of supports for low-income workers without children in the State’s tax code.

The Earned Income Tax Credit is among the most effective anti-poverty programs;¹ however, its impact is limited because single filers who are unable to claim dependents are ineligible to receive the EITC or receive a very small credit. Research shows that the EITC lifts children out of poverty and the benefits of the EITC extend across the family and all stages of life – improving health indicators, educational outcomes, and participation in the workforce.² Unfortunately, too few low-income workers without dependent children are eligible for this important benefit. A full-time minimum wage worker earns \$31,200 annually, which is too little to make ends meet in much of Maryland³ but too much to qualify for the EITC.

Past EITC expansions have demonstrated positive impacts. The shortly lived American Rescue Plan Act (2021) was a clear and recent example of the positive impact that EITC expansion can have on both families and individuals without qualifying children. The need for EITC expansion becomes even more apparent considering the state’s discriminatory tax system. Maryland’s current tax system disproportionately burdens the lowest-income Marylanders - those with the lowest incomes pay a much greater share of their total income in taxes compared to those with the highest incomes. These credits play a crucial role in ensuring working families have the financial

¹ Bellafiore, R. (2019, May 21). *Earned Income Tax Credit (EITC): a primer*. Tax Foundation. <https://taxfoundation.org/research/all/federal/earned-income-tax-credit-eitc/>

² Marr, C., Huang, C.-C., Sherman, A., & Debot, B. (2015, October 1). *EITC and Child Tax Credit promote work, reduce poverty, and support children’s development, research finds*. Center on Budget and Policy Priorities. <https://www.cbpp.org/research/eitc-and-child-tax-credit-promote-work-reduce-poverty-and-support-childrens-development>

³ Massachusetts Institute of Technology. (February 10, 2025). Living wage calculator: Maryland. <https://livingwage.mit.edu/states/24>

resources to meet their basic needs in a system that can often tax families further into poverty.

The burdens of Maryland state taxes are also deeply racially inequitable, with Black and Latinx Marylanders significantly more likely to be in an earning bracket that requires them to pay a higher share of their income in taxes than white residents.⁴ State EITCs have a demonstrated impact in reducing poverty in communities of color.⁵ **Because of income inequality and unequal tax burden, expanding the Maryland EITC is an essential step for advancing racial equity.**

Many of the individuals who will benefit from the EITC under SB 688 support dependents but are unable to claim them due to IRS restrictions. For example, in shared custody arrangements, only one parent can claim a child. Other dependents may be ineligible due to age, relationship, or residency requirements. Additionally, the passage of this bill will support working people just entering the work force, low-wage workers, and older adults exiting the workforce. Non-elderly, working adults without children are taxed into or further into poverty under the current federal tax code, in large part because of the failures of the EITC to adequately support this group.⁶

Hard-working Marylanders deserve livable circumstances. Maryland is behind only Washington, D.C. and four other states in having the highest cost of living: a single adult without children must make \$54,427 before taxes to cover basic needs.⁷ The living wage in Maryland is 30% higher than what a full-time minimum-wage worker earns. Yet, earning 30% less than the living wage is still considered too high to qualify for the EITC. Expanding the EITC for workers who do not claim dependents would provide the same benefits outlined above – reducing poverty, improving financial stability, and strengthening communities. Those eligible for the EITC are among the lowest-income workers, and policies that support them ultimately benefit Maryland as a whole. **Social Work Advocates for Social Change urges a favorable report on SB 668.**

Social Work Advocates for Social Change is a coalition of MSW students at the University of Maryland School of Social Work that seeks to promote equity and justice through public policy, and to engage the communities impacted by public policy in the policymaking process.

⁴ <https://mdeconomy.org/marylands-poor-taxed-more-than-wealthy-communities-of-color-feel-biggest-pinch/>

⁵ [State Earned Income Tax Credits Help Build Opportunity for People of Color and Women | Center on Budget and Policy Priorities](#)

⁶ <https://www.cbpp.org/research/a-frayed-and-fragmented-system-of-supports-for-low-income-adults-without-minor-children#strengthening-the-eitc-for-low-income-cbpb-anchor>

⁷ Massachusetts Institute of Technology. (February 10, 2025). Living wage calculator: Maryland. <https://livingwage.mit.edu/states/24>