



Montgomery County Community Action Board Testimony
SB859: Fair Share for Maryland Act of 2025
March 5, 2025
SUPPORT

TO: The Honorable Guy Guzzone, Chair; The Honorable Jim Rosapepe, Vice Chair; and Members of the Budget and Taxation 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, supports support the Fair Share for Maryland Act (SB859) because it will provide resources that Maryland communities need while also ensuring that wealthy corporations and individuals are contributing their fair share to the public services we all benefit from.

Our board serves as the governing body for the Montgomery County Community Action Agency, which provides services to economically disadvantaged residents through the Takoma-East Silver Spring (TESS) Community Action Center, Navigation Program, and Volunteer Income Tax Assistance (VITA) Program. The agency also monitors contracts at nonprofit organizations throughout the County. We therefore know about the challenges residents are facing accessing critical services with limited budgets and long waiting lists. This is why the additional tax revenue that this bill would provide is so important and why our board supports the Fair Share for Maryland Act.

The Fair Share for Maryland Act will:

- Raise at least \$1.6 billion per year in new revenue when fully phased in
- Lower taxes for more than 1.3 million Marylanders by expanding the Child Tax Credit and Earned Income Tax Credit
- Close corporate tax loopholes to ensure wealthy multinational corporations can't avoid paying state taxes
- Balance our upside-down tax system and ensure millionaires pay their fair share by adding upper income tax brackets and adding a surtax on investment income

For many middle-income households, this bill would not result in an increase in taxes. For the highest income households (\$775,000 or more), their taxes would increase by 1%. For households with limited or modest incomes, they would receive a tax refund of several hundred dollars – money that can be used for necessities such as rent, child care, and food.

The Child Tax Credit (CTC) and Earned Income Tax Credit (EITC) components of this bill will provide added financial support to many of our most vulnerable neighbors. Our board continues to advocate for the CTC and EITC because we know that tax credits are some of the best tools available to reduce poverty and help families move towards the Self-Sufficiency Standard. Extensive research also links the CTC and EITC to numerous positive impacts well beyond the financial realm. These include reductions in health disparities¹ and positive impacts on racial equity as research has shown its greater impact on reducing poverty for households of color² as well as other minority populations.

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 operates the County's only year-round free tax preparation VITA site. Last year, the agency's VITA program completed 2,246 tax returns for County households with modest incomes, with a total free tax impact of \$8.6 million. This included \$2,966,728 in Earned Income Tax Credits and Montgomery County's Working Families Income Supplement. Expanding the Maryland EITC will help VITA programs across the state ensure that single filers receive more substantial refunds.

It is important to note that the Maryland CTC and EITC are especially significant in an area like Montgomery County, and so many parts of the state, where the cost of living is so high. The Montgomery County Self-Sufficiency Standard for a single adult is \$47,294, over three times the Federal Poverty Level, and the Standard for a family of four with two adults, one school-age child, and one preschooler, is an astounding \$122,943, over four times the Federal Poverty Level.³ We believe that a more equitable tax structure, in addition to larger tax refunds for those with modest incomes, would have a significant impact on Marylanders, helping many in our community move one step closer to the Self-Sufficiency Standard.

The Montgomery County Community Action Board strongly supports SB859 and asks for the Committee's favorable report.

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-color>

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