

2.10 SB 668_MAP_FAV.pdf

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Position: FAV



Member Agencies:

211 Maryland
Baltimore Jewish Council
Behavioral Health System Baltimore
CASH Campaign of Maryland
Energy Advocates
Episcopal Diocese of Maryland
Family League of Baltimore
Fuel Fund of Maryland
Jewish Community Relations Council
of Greater Washington
Job Opportunities Task Force
Laurel Advocacy & Referral Services,
Inc.
League of Women Voters of Maryland
Loyola University Maryland
Maryland Center on Economic Policy
Maryland Community Action
Partnership
Maryland Family Network
Maryland Food Bank
Maryland Hunger Solutions
Paul's Place
St. Vincent de Paul of Baltimore
Welfare Advocates

Marylanders Against Poverty

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TESTIMONY IN SUPPORT OF SB 668

**Earned Income Tax Credit - Individuals Without Qualifying Children -
Eligibility**
Senate Budget and Taxation Committee
February 12, 2025

Marylanders Against Poverty (MAP) supports SB 668, 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 antipoverty 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. A single adult without dependents would need to make at least \$40,798 per year in order to pay for basic expenses. 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.

MAP appreciates your consideration and requests the committee provide a favorable report on SB 668.

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.

SB 668_MD Center on Economic Policy_FAV.pdf

Uploaded by: Kali Schumitz

Position: FAV

Expanding the Earned Income Tax Credit Will Benefit Maryland Workers and the Economy

Position Statement Supporting Senate Bill 668

Given before the Senate Budget and Taxation Committee

The Earned Income Tax Credit (EITC) is a commonsense tax break that helps people who work but struggle to get by due to low wages and also boosts the economy. However, Maryland's credit isn't as effective as it could be because the income cap for workers not raising children is too low. Increasing the maximum income to qualify for the EITC would create greater economic stability for low-wage workers now left out of this effective anti-poverty tool. **For these reasons, the Maryland Center on Economic Policy supports Senate Bill 668.**

Research continues to show that the EITC is one of the most effective anti-poverty tools we have. Maryland's current EITC offers an essential hand up for thousands of working families but it is not as effective for thousands of other low-wage workers. For workers who don't have children and those who don't claim their child as a dependent on their taxes, once they earn more than \$17,640 per year, they are no longer eligible for the credit. That means someone working even 23 hours per week at Maryland's minimum wage and not claiming dependents on their taxes would earn too much to qualify for the EITC, even though they are still earning too little to support themselves. In fact, many people who work for very low wages go deeper into poverty because they don't qualify for a meaningful tax break.¹

Senate Bill 668 would help change that for more than 170,000 Marylanders who are now struggling to get by on low wages.² People who are likely to benefit include young adults just getting started in the workforce, expectant parents, divorced or separated parents who aren't the primary caregiver, veterans, and older adults who are no longer supporting children. The bill would increase the maximum income for the state EITC to \$27,000 for single filers.

Expanding the tax credit also benefits Maryland businesses. Because EITC recipients have very low incomes, they are most likely to spend their tax refunds on basic necessities at businesses in their community. Every dollar invested in the EITC generates \$1.23 of economic activity, according to one estimate.³

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Budget and Taxation Committee make a favorable report on Senate Bill 668.

Equity Impact Analysis: Senate Bill 668

Bill summary

Senate Bill 668 increases access to the Maryland Earned Income Tax Credit for workers who don't have children and non-custodial parents who aren't claiming dependents on their taxes. Currently, the credit is capped at adjusted gross income of \$17,640 for people without children. Senate Bill 668 would increase the cap to adjusted gross income of \$27,000, just under 180% of the federal poverty level.

Background

The maximum income limits for receiving the EITC are significantly higher for families with children – between \$46,000 and \$64,000, depending on the number of children. Senate Bill 668 would bring the income limit for workers without children more in line with the limit for those raising children.

The legislature temporarily increased the state EITC for claimers without qualifying dependent children to 100% of the federal credit in 2021 and subsequently made this increase permanent through Chapters 3 and 4 of 2023 (the Family Prosperity Act).

Equity Implications

- Expanding the EITC would make our tax system more equitable. The lowest-income Marylanders now pay about 9.6 percent of their income in state and local taxes – a greater share of their income than the wealthiest 1 percent of Marylanders (those earning more than \$700,300 per year).⁴
- Due to various structural barriers to opportunity, Black and Latinx workers are far more likely than white workers to earn poverty-level wages and are therefore more likely to qualify for the EITC. While state and federal EITCs serve a larger number of white households than households in any other racial or ethnic group, they serve a larger proportion of people of color.
- EITCs also have a disproportionate impact in reducing poverty rates among households of color.⁵

Impact

Senate Bill 668 would likely **improve racial and economic equity** in Maryland.

¹ Chuck Marr, "A Clear Policy Choice: Repeat Success by Expanding the EITC for Adults without Children," Center on Budget and Policy Priorities, 2023, <https://www.cbpp.org/blog/a-clear-policy-choice-repeat-success-by-expanding-the-eitc-for-adults-without-children>

² Institute on Taxation and Economic Policy Microsimulation Tax Model

³ Mark Zandi, "An Analysis of the Obama Jobs Plan." Moody's Analytics, Sept. 9, 2011.

<https://www.economy.com/dismal/analysis/free/224641>

⁴ Institute on Taxation and Economic Policy, "Maryland: Who Pays? 7th Edition," 2024, <https://itep.org/whopays/maryland-who-pays-7th-edition/>

⁵ Michael Leachman et. al. "Advancing Racial Equity With State Tax Policy," Center on Budget and Policy Priorities, Nov. 15, 2018. <https://www.cbpp.org/research/state-budget-and-tax/advancing-racial-equity-with-state-tax-policy>

SB 668 - MNADV- FAV .pdf

Uploaded by: Laure Ruth

Position: FAV



BILL NO: Senate Bill 668
TITLE: Earned Income Tax Credit - Individuals Without Qualifying Children - Eligibility
COMMITTEE: Budget and Taxation
HEARING DATE: February 12, 2025
POSITION: **SUPPORT**

The Maryland Network Against Domestic Violence (MNADV) is the state domestic violence coalition that brings together victim service providers, allied professionals, and concerned individuals for the common purpose of reducing intimate partner and family violence and its harmful effects on our citizens. **MNADV urges the COMMITTEE to favorably Report on SB 668.**

Senate Bill 668 would expand eligibility for the Maryland earned income tax credit for individuals without qualifying children by altering the income thresholds at which the credit phases out, and would tie future amounts to the cost of living. 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. This in turn assists the Maryland economy overall as taxpayers spend their refunds.

While the bill does not specifically target survivors of domestic violence, expanding EITC eligibility can provide financial benefits to low-income individuals, including those who have experienced domestic violence. Financial independence is often a critical factor for survivors seeking to leave abusive situations. By increasing access to tax credits, the bill could offer additional financial support, thereby aiding survivors in achieving greater economic stability and autonomy.

For the above stated reasons, the **Maryland Network Against Domestic Violence urges a favorable report on SB668.**

For further information contact Laure Ruth ■ Public Policy Director ■ 301-852-3930 ■ lruth@mnadv.org

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sb668 EITC indexing B^0T 2-12-2025.pdf

Uploaded by: Lee Hudson

Position: FAV



Delaware-Maryland Synod
Evangelical Lutheran Church in America
God's work. Our hands.

Testimony prepared for the
Budget and Taxation Committee
on
Senate Bill 668
February 12, 2025
Position: **Favorable**

Mr. Chairman and members of the Committee, thank you for the opportunity to testify in favor of sufficient livelihood for all. I am Lee Hudson, assistant to the bishop for public policy in the Delaware-Maryland Synod, Evangelical Lutheran Church in America; a faith community with three judicatories located in every Maryland region.

Our community teaches that adequate income, public support for sufficient livelihood, and appropriately progressive taxation are benchmarks for a just public policy ["Sufficient, Sustainable Livelihood for All," ELCA, 1999]. Under that position we have supported Maryland's earned income tax credit and its expansion for several decades.

Senate Bill 668 adds an increment of eligibility to a bipartisan policy that has raised low-income individuals above statistical poverty. That outcome speaks for itself in our community. Indexing thresholds to expand EITC eligibility to childless individuals and accounting for inflationary benefit deterioration is a fair way to keep a floor under the living of low wage working people.

We ask your concurrence with a favorable report.

Lee Hudson

Community Action Board Testimony_SB668_Earned Inco

Uploaded by: Leslie Frey

Position: FAV



Montgomery County Community Action Board Testimony
SB668: Earned Income Tax Credit - Individuals Without Qualifying Children – Eligibility
February 12, 2025
SUPPORT

TO: The Honorable Guy Guzzone; 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, strongly supports SB668, which if passed, would increase the income eligibility for the state EITC for single filers without qualifying dependents. Workers who would benefit from this expansion include non-custodial parents, young adults without family support, youth aging out of the foster care system, and people with disabilities, who often have very 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 continues to advocate for the EITC because we know that it is one the best tools available to reduce poverty and help families move towards 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 as well as other minority populations.

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, which is itself a 100% match of the federal EITC for single filers without dependents. We are very fortunate to be one of just a handful of local jurisdictions that supplements matching funds to the State credit. SB668 would allow more Montgomery County residents, including ITIN filers, to receive larger refunds, helping residents pay for basic necessities like food and housing.

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>

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 the WFIS. 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 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 and continues to rise. 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 We believe that larger tax refunds would have a significant impact on single filers, helping them move one step closer to the Self-Sufficiency Standard and a few steps above the federal poverty level.

The Montgomery County Community Action Board strongly supports SB668 and asks for the Committee's favorable report.

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

2025 Earned Income Tax Credit Sign-On Letter- SB 6

Uploaded by: Lonia Muckle

Position: FAV

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>

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

SB 668 - Earned Income Tax Credit - Individuals Wi

Uploaded by: Matthew Capodanno

Position: FAV

SB 668
Earned Income Tax Credit - Individuals Without Qualifying Children - Eligibility
Senate Budget & Taxation Committee
February 12, 2025

SUPPORT

Senate Bill 668 expands the eligibility of the Maryland Earned Income Tax Credit (EITC) for individuals without qualifying dependents by increasing the income thresholds at which the credit phases out.

The Maryland Food Bank estimates that 1 in 3 Marylanders are at risk of food insecurity. A person who is food insecure does not have consistent access to healthy and nutritious food on any given day, and this problem persists in every area of the state. There are also communities and populations who are disproportionately affected by food insecurity, including families with children. The causes of food insecurity are complex and often include factors such as financial hardship and low income.

Expanding the reach of the EITC could dramatically improve the economic status for thousands of low-income Marylanders. In 2024, an average of 34% of Marylanders were finding it difficult to afford their basic household necessities, including food, rent, and utilities. This is a level of hardship that has not substantially improved since before the pandemic, and in some ways, such as with sustained rising prices for food, costs are even higher. In fact, the average household food budget for Maryland families is around 25% - meaning that a quarter of a household's income is spent on food. This presents a significant hardship, particularly on Marylanders with the lowest incomes.

The EITC is a time-tested anti-poverty tool that provides financial assistance to those who need it most, and in turn stimulates the economies of local communities to grow and thrive. It is an important and necessary investment in the wellbeing of Marylanders in every corner of the state. Additionally, the EITC is a community development driver, generating \$1.23 of economic activity for every dollar invested in the tax credit. Many Marylanders facing food insecurity cite a lack of community resources as a root cause of hunger, so this issue is poignant from the perspective of ensuring that families live in communities that can meet their needs. The EITC is one of the best tools we have to help Marylanders achieve financial stability, and as such is a mechanism the state of Maryland should continue to support.

For these reasons, the Maryland Food Bank respectfully requests a favorable report on SB 668.

Maryland Catholic Conference_FAVSB668_.pdf

Uploaded by: Michelle Zelaya

Position: FAV



February 12, 2025

SB 668

Earned Income Tax Credit - Individuals Without Qualifying Children - Eligibility

Budget and Taxation Committee

Position: Favorable

The Maryland Catholic Conference (MCC) offers testimony in support of **Senate Bill 668**. The Catholic Conference is the public policy representative of the three (arch)dioceses serving Maryland, which together encompass over one million Marylanders. Statewide, their parishes, schools, hospitals and numerous charities combine to form our state's second largest social service provider network, behind only our state government.

Senate Bill 668 increases the maximum income limit to be able to claim the state Earned Income Tax Credit (EITC) to \$27,000 for single filers, which is slightly less than two hundred percent of the federal poverty line for a single adult.

The EITC has proven to be an effective means of lifting working families out of poverty, providing them with the financial support they need to meet basic needs and fostering economic stability. However, as it currently stands, the credit's impact is limited for individuals without qualifying children due to the low-income thresholds at which the credit begins to phase out.

Catholic social teaching calls us to prioritize the needs of the poor and vulnerable in our society. Expanding the eligibility for the EITC for childless individuals aligns with this moral imperative, as it recognizes the dignity of every person and acknowledges the challenges faced by those who may not have dependents but still struggle to make ends meet.

The proposed adjustments to the income thresholds would extend the benefits of the EITC to a wider range of individuals, offering much-needed relief to those who often work in low-wage jobs and may be on the margins of poverty. This legislation reflects a commitment to promoting economic justice and ensuring that our tax policies contribute to the common good.

The MCC appreciates your consideration and, for these reasons, respectfully requests a favorable report on **Senate Bill 668**.

2.10 - SB 668 - Earned Income Tax Credit - Individ

Uploaded by: Tonaeya Moore

Position: FAV



SB 668 - Earned Income Tax Credit - Individuals Without Qualifying Children - Eligibility
Senate Budget and Taxation Committee
February 12, 2025
SUPPORT

Chair Guzzone, Vice-Chair and members of the committee, thank you for the opportunity to submit testimony in support of Senate Bill 668. SB 668 expands access to the Earned Income Tax Credit (EITC) by increasing the maximum income requirement and connects it with the state's cost of living adjustments each year.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

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. **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.**

Adjusted Gross Income	Amount Owed on State Taxes
\$27,000	\$1,638
\$17,000	\$781

The proposed adjustments 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.

Currently, Marylanders who are working full-time minimum wage jobs earn 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; therefore, they are more likely to experience financial hardship. 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.

Thus, we encourage you to return a favorable report for SB 668.

Creating Assets, Savings and Hope

SB0668 Earned Income Tax Credit for Individuals Wi

Uploaded by: UM SWASC

Position: FAV

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>

SB 668 Testimony

Uploaded by: Dana Phillips

Position: INFO

WES MOORE
Governor

ARUNA MILLER
Lieutenant Governor



HELENE GRADY
Secretary

MARC L. NICOLE
Deputy Secretary

Senate Bill 668 Earned Income Tax Credit - Individuals Without Qualifying Children - Eligibility

Letter of Information

DATE: February 12th 2025

COMMITTEE: Budget and Taxation

SUMMARY OF BILL: Senate Bill 668 makes changes to the state's Earned Income Tax Credit program for individuals without qualifying children. The legislation establishes new income thresholds, setting an earned income amount of \$7,840 and a phase-out amount of \$19,160 for eligible workers. Starting after December 31, 2024, these income thresholds will be adjusted annually for inflation to maintain the credit's value over time. The bill maintains Maryland's 100% match of the federal EITC for eligible individuals without qualifying children. These changes will take effect on July 1, 2025, and will apply to all tax years beginning after December 31, 2024.

EXPLANATION: The 2024 Spending Affordability Committee report outlines a serious budget shortfall, with a projected deficit of \$2.5 billion in fiscal 2026 that could grow to \$6.0 billion by 2030. The Spending Affordability Committee has urged us to close this gap.

This bill would further impact State revenues, with general fund revenues projected to decrease by \$99.1 million in fiscal 2026, growing to \$115.9 million by fiscal 2030. The Department of Budget and Management (DBM) is charged with submitting a balanced budget to the General Assembly annually and will be working with the General Assembly to achieve structural balance over the long term. In light of current projected general fund deficits in fiscal 2027 forward, with uncertainty regarding the federal budget and policy changes, the Department urges caution in passing legislation to significantly increase general fund expenditures without commensurate decreases in other areas or additional revenue to fund the new activity. State government must be intentional, disciplined, and strategic with its allocation of State funding to ensure maximum impact toward priority outcomes.

Given the forecasted out-year deficits for the General Fund, as well as significant uncertainty regarding the federal budget and policy changes, it would be challenging for the State to manage this increase in tax expenditure.

**For additional information, contact Dana Phillips at
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