

Letter of Support**House Bill 603 – Earned Income Tax Credit - Notice of Eligibility – Alteration***Ways and Means**February 6, 2025*

The General Assembly has enacted numerous personal income tax credits for the benefit of Maryland taxpayers, and has entrusted the Office of the Comptroller to raise awareness about certain tax credit eligibility. Some of the most impactful tax credits, particularly those aimed at supporting children, families, and seniors, are underutilized. Data indicate that effective outreach and education resources could help to significantly shrink the gap between those eligible for tax credits and those claiming them.

Right now, statute requires our agency to send annual snail-mail information to businesses with employees who may qualify for the Earned Income Tax Credit (EITC). In 2024, our office spent approximately \$145,000 to prepare and mail these letters. These mailers are costly and time-consuming, and we have no evidence that employers give the letter notice we send to their potentially-eligible employees. In addition, our agency now has the ability to send these notices digitally.

What this bill does

This bill enables the Office of the Comptroller to send either paper or digital notices to businesses about eligibility of EITC. It retains the mandate to send notice.

Why this is important

Much of the snail mail that we send to businesses is returned by the Postal Service, unable to be delivered for various reasons, most commonly because of a change of address. Physical mailers also make it difficult for the business owner to distribute information to their employees. On the other hand, employers can forward an email to their entire team very easily.

In 2024 our agency oversaw the release of Maryland Tax Connect for all businesses and we now regularly reach out to Maryland businesses through Maryland Tax Connect. Sending digital notices utilizes the resources our agency already has, will ensure more effective notice, and saves state resources.

I urge a favorable report of House Bill 603, and look forward to working with the General Assembly on this legislation.

