



Montgomery County Community Action Board Testimony
HB708: Earned Income Tax Credit - Individuals Without Qualifying Children – Eligibility
February 13, 2025
SUPPORT

TO: The Honorable Vanessa Atterbeary; The Honorable Jheanelle Wilkins, Vice Chair; and
Members of the Ways and Means 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 HB708, 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. HB708 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 HB708 and asks for the Committee's favorable report.

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