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## TESTIMONY IN SUPPORT OF BILL SB 468

### Income Tax – Local Child Tax Credit - Authorization

#### *Budget and Taxation Committee*

February 18, 2026

**Social Work Advocates for Social Change strongly supports SB 468**, which authorizes counties to establish a refundable or non-refundable local child tax credit for families that is based on Maryland’s state Child Tax Credit (CTC). SB 468 allows counties to adopt a local tax credit that would provide targeted financial relief to eligible households, prioritizing children under the age of six and children with disabilities under the age of 17.

**Families living in deep poverty are more likely to experience housing instability, food insecurity, and difficulty meeting basic expenses.** When income is limited, even small, unexpected costs can disrupt household stability. For children, in particular, financial stress during early childhood is associated with measurable long-term effects on health, educational attainment, and economic mobility.<sup>1</sup> Families raising children with disabilities also face higher average out-of-pocket expenses related to health care, therapy, and specialized services.<sup>2</sup> At the same time, studies show that even small increases in family income can reduce the impact of child poverty and improve developmental outcomes.<sup>3</sup>

**Tax credits – especially refundable tax credits – are designed to reach households with little or no tax liability by providing a benefit that is not limited to taxes owed.**<sup>4</sup>

Tax credits – like the CTC – that prioritize children under age six and children under age 17 with disabilities directs support to households where income stability can have lasting developmental impact. If counties choose to structure the credit as refundable and direct it to households under the income threshold, SB 468 delivers relief in a manner that is accessible to families most likely to face financial instability.

**By authorizing counties to establish a refundable local credit, SB 468 builds upon policy approaches that have demonstrated measurable outcomes in other jurisdictions.** SB 468 provides an opportunity for counties to extend the success of Maryland’s state CTC and provide targeted income supports to low-income families with children. Increases in family income are associated with improvements in child health, educational attainment, and long-term earnings.<sup>5</sup> Research from the Prenatal-to-3 Policy Impact Center indicates that state child tax credits are associated with improved family economic security and reductions in reported child maltreatment rates.<sup>6</sup> These findings suggest that targeted credits may contribute to both short-term stabilization and long-term positive outcomes.

**Maryland jurisdictions can already create a local match to the State’s Earned Income Tax Credit (EITC), and SB 468 can expand upon that model.** Montgomery County has created a local match tax credit, called the Working Families Income Supplement, which is a refundable credit that delivers a direct payment equal to a percentage of a household’s Maryland state EITC refund. Almost 64,000 families in Montgomery County have claimed the credit, and over 95% of these local EITC dollars flowed to households in the bottom two-fifths of income earners.<sup>7</sup> Allowing jurisdictions to create their own Child Tax Credit will complement and boost the success of other local tax credits, strengthening family stability across the state.

While tax credits alone are not a comprehensive solution to poverty – and broader structural investments in wages, housing, childcare, and healthcare remain necessary – SB 468 represents a meaningful and evidence-informed step toward reducing financial strain for families with young children.

### **Social Work Advocates for Social Change urges a favorable report on SB 468.**

*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.*

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<sup>1</sup> The Center for Law and Social Policy. 2023. *The Enduring Effects of Childhood Poverty*.

<https://www.clasp.org/blog/the-enduring-effects-of-childhood-poverty/>

<sup>2</sup> Kaiser Family Foundation. (2023). *Health care costs and access challenges for children with special health care needs*. <https://www.kff.org>

<sup>3</sup> National Academies of Sciences, Engineering, and Medicine. (2019). *A roadmap to reducing child poverty*. The National Academies Press. <https://doi.org/10.17226/25246>

<sup>4</sup> Center on Budget and Policy Priorities. (2024). *Policy basics: The child tax credit*.

<https://www.cbpp.org/research/federal-tax/policy-basics-the-child-tax-credit>

<sup>5</sup> National Academies of Sciences, Engineering, and Medicine. (2019). *A roadmap to reducing child poverty*. The National Academies Press. <https://doi.org/10.17226/25246>

<sup>6</sup> Prenatal-to-3 Policy Impact Center. (2023). *State child tax credits: Evidence summary*. Vanderbilt University, Peabody College. <https://pn3policy.org>

<sup>7</sup> Institute of Tax and Economic Policy. 2024. *These three local EITCs are boosting family incomes at tax time*.

<https://itep.org/three-local-eitcs-boosting-family-incomes-at-tax-time/>