



Testimony in Support of HB 363 Income Tax – Local Child Tax Credit – Authorization

House Ways and Means Committee

February 11, 2026

Maryland Family Network (MFN) strongly supports HB 363, which authorizes a county to provide a local child tax credit against their county income tax.

Maryland Family Network (MFN) has worked since 1945 to improve the availability and quality of child care and other vital supports for children and their families. We have been active in state and federal debates on policies that address the needs of working families and are strongly committed to ensuring that children and their caregivers have access to the resources and opportunities they need to thrive.

The Child Tax Credit (CTC) is a successful anti-poverty tool that boosts the financial stability of low-income families. The impacts of childhood poverty are long-lasting and significant, including impaired development, decreases in educational achievement, and declines in health.¹ Even a modest increase in household income for families living in poverty can significantly improve outcomes for children and society as a whole.² Ultimately, tax credits – like the CTC – help low-income families make ends meet and continue working, which strengthens their connection to the workforce and builds economic security.

HB 363 provides an opportunity for counties to build on the success of our state CTC, and target resources to the lowest income households who are left out of receiving the full federal CTC.

There are many families who make too little money to qualify for the federal CTC, leaving a gap in who can benefit from the federal credit. Disparities persist in who accesses the federal CTC, as Black and Brown families disproportionately fall into the gap of making too little money to receive the credit, as they are overrepresented in low-wage work.³ Broadening the scope of who can access tax credits by allowing local jurisdictions to enact their own child tax credits will increase the financial resources of historically marginalized populations, and bolster local economic activity.

Counties can already create a local match to the State's Earned Income Tax Credit (EITC), and HB 363 can expand upon the success of similar local credits. 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. Around 64,000 families in Montgomery County take advantage of the credit, and over 95% of these

¹ 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/>

² Gennetian LA, Castells N, Morris P. Meeting the Basic Needs of Children: Does Income Matter? *Child Youth Serv Rev*. 2010 Sep 1;32(9):1138-1148. <https://pmc.ncbi.nlm.nih.gov/articles/PMC2913899/#>

³ Center on Budget and Policy Priorities. 2025. *The Child Tax Credit*. <https://www.cbpp.org/research/federal-tax/the-child-tax-credit>

local EITC dollars flow to households in the bottom two-fifths of income earners.⁴ 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.

Allowing localities to create their own tax credit match to the state's CTC will get more cash to low-income families with young children. **Maryland Family Network respectfully urges a favorable report on HB 363.**

Submitted by: Lisa Klingemaier, Deputy Director of Public Policy

⁴ 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/>