

SB 717 -Earned Income Tax Credit - Individuals Without Qualifying Children - Eligibility
Senate Budget and Taxation Committee
February 26th, 2020
SUPPORT

Chairman Guzzone, Vice-Chair and members of the committee, thank you for the opportunity to testify today in support of Senate Bill 717. SB 717 expands access to the Earned Income Tax Credit (EITC) by increasing the maximum income requirement.

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.

Maryland is one of the 28 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 anti poverty tools utilized by federal, state, and local governments. Unfortunately, the credit is currently targeted almost entirely at those with dependent children. 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.¹ This year, we have the opportunity to make work pay for more low income workers in Maryland.

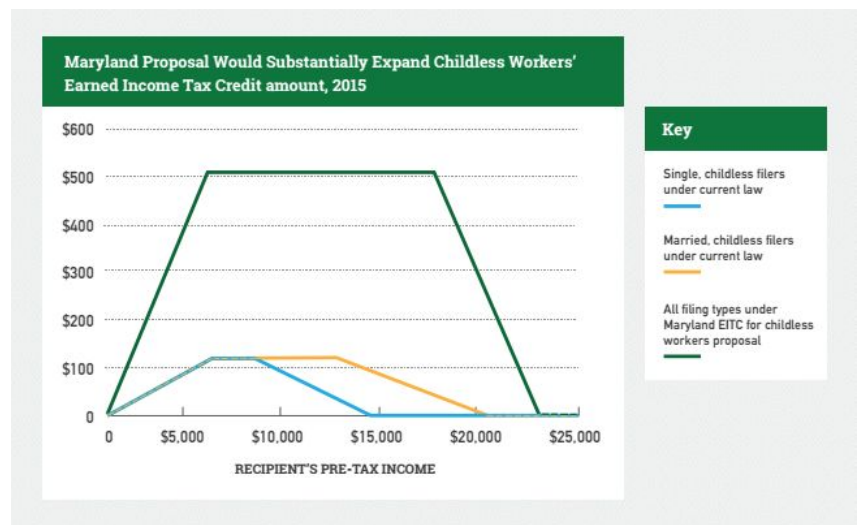
The proposed adjustments **increases the maximum income for the state EITC to \$23,540 for single filers.**

SB 717 is an opportunity to help low income single filers that do not claim dependents lessen the amount of taxes owed. This is crucial, because these

individuals are being taxed further into poverty. Currently, a full-time, minimum wage worker in Maryland makes \$22,880 a year. If this individual does not claim dependents they owe \$1,087 in federal taxes and \$1,333 in state taxes. Low income workers, even when working 40 hours a week, are left in vulnerable positions; therefore, 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 717, along with its companion bill SB 719, would reduce taxes for a large majority of low income workers, putting them on a path to long-term financial stability.

We urge a favorable report on SB 717 in order to encourage work and reduce poverty in the state of Maryland.



¹ <http://www.cbpp.org/research/lone-group-taxed-into-poverty-should-receive-a-larger-eitc>