



Testimony in Support of SB717
Earned Income Tax Credit - Individuals Without Qualifying Children – Eligibility
Wednesday, February 26, 2020

TO: The Honorable Guy Guzzone, Chair; The Honorable Jim Rosapepe, Vice Chair; and Members of the Senate Budget and Taxation Committee

FROM: Laura E. Irwin, Chair, Montgomery County Community Action Board

The Montgomery County Community Action Board strongly supports SB717, which will increase the maximum income eligibility for the Earned Income Tax Credit (EITC) to \$23,540 for single adults without dependents. As the governing body for the Montgomery County Community Action Agency, the county's designated antipoverty entity, and as advocates for the low-income community, our Board recognizes the positive impact that the EITC has in helping people move towards self-sufficiency. As this is a historic advocacy issue for our board, we were thrilled in 2018 when the state expanded the EITC to younger workers without dependents. Our Board believes that the EITC can do more though and more taxpayers should be able to take advantage of this credit, helping them put money into savings, pay off debts, and pay bills for necessities.

We know from the Community Action Agency's Volunteer Income Tax Assistance (VITA) Program, which served 2,200 households last year with free tax services, that the EITC can make a substantial difference in a person's life. Research shows that the EITC is a powerful anti-poverty tool that not only helps lower income working adults move towards self-sufficiency, but also improves the local economy. Recipients have more income to spend locally on necessities such as food and transportation. The CASH Campaign of Maryland notes that for every \$1 the state invests in the EITC, \$1.24 comes back to the economy.¹

In Montgomery County, where the cost of living is so high, the EITC can play an especially important role. The Self-Sufficiency Standard, which measures the actual cost of living in a specific geographic location, is \$37,807 for a single adult.² This level of income is simply unattainable for a person earning even the current maximum County minimum wage of \$13/hour for large employers - \$27,456 annually. The EITC can help individuals fill this gap by providing critical financial support. Furthermore, Montgomery County's local EITC, the Working Families Income Supplement, matches the state EITC. Expanding eligibility will therefore have a double impact on single adults in Montgomery County, the state's most populous county.

We ask that you pass this bill and continue to support policies that will help low-income Marylanders become self-sufficient.

¹ <http://cashmd.org/>

² <http://selfsufficiencystandard.org/maryland>