



TESTIMONY IN SUPPORT OF HB 421

Income Tax Distribution – Tax Clinics for Low-Income Marylanders

Ways and Means Committee

January 28, 2021

Submitted by Stacey Jefferson and Julia Gross, Co-Chairs

Member Agencies:

Advocates for Children and Youth
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Marylanders Against Poverty

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Marylanders Against Poverty (MAP) supports HB 421, which creates the Tax Clinics for Low-Income Marylanders Fund.

Tax clinics will provide low income Marylanders legal help with issues related to state taxes. University of Maryland School of Law, University of Baltimore School of Law, and Maryland Volunteer Law Service (MVLS) are designated by the IRS as Low Income Taxpayer Clinics (LITC). They receive grants from the IRS to assist low income clients with disputes from the IRS; however, they do not have funds for helping low income clients if their tax problem is solely state level. This leaves many low income people who need help with state taxes without representation. This leaves the overwhelming and frightening task of responding to a tax dispute on the individual.

HB 421 will give low income individuals legal representation. The tax system and processes are confusing and complicated. Low income individuals need legal representation to help them navigate the process. The pandemic changed many people's income situation. Many people changed jobs or were on unemployment. This increases the chance of there being a mistake on people's taxes. The Low Income Tax Clinic Fund will ensure that people will have the appropriate resources to respond to tax disputes.

Establishing a Tax Clinic Fund will provide more resources for low income communities. When communities have greater access to resources, individuals in those communities are more likely to seek help. This is critical when people need help with their taxes. Unsettled tax disputes escalate the longer they remain unresolved. This will greatly reduce the financial cost for low income individuals in the future. Unresolved tax disputes negatively affect a person's financial stability, and it will disrupt their life. These three organizations need funding, so they can extend the services that they offer for low income communities.

MAP appreciates your consideration and urges a favorable report for support on HB 421.

Marylanders Against Poverty (MAP) is a coalition of service providers, faith communities, and advocacy organizations advancing statewide public policies and programs necessary to alleviate the burdens faced by Marylanders living in or near poverty, and to address the underlying systemic causes of poverty.