



**HB 421- Distribution of Tax Payments and Unemployment Insurance Contributions - Tax Clinics for Low-Income Marylanders**  
**January 28, 2021**  
**SUPPORT**

Chairwoman Kaiser, Vice-Chair and members of the committee, thank you for the opportunity to submit testimony in support of House Bill 421. This bill would establish a Tax Clinics for Low-Income Marylanders Fund.

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. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

The Tax Clinics for Low-Income Marylanders Fund would provide funding to the University of Maryland School of Law, the University of Baltimore School of Law, and Maryland Volunteer Law Service (MVLS). These organizations are designated by the IRS as Low Income Taxpayer Clinics (LITC). This means that they help represent low income people in disputes with the IRS, and they provide education and outreach to people who speak English as a second language<sup>1</sup>. LITC's are helpful in communities because they provide representation for little to no fee. They receive a small amount of funding from the IRS, and there is an income ceiling to qualify for the low income clinic based on family size.

Addressing concerns about taxes is a daunting task for most individuals. Low income people do not have room in their budget to hire an attorney, and attorneys are key to have the best outcome in resolving their issues. They can help with things such as helping to submit an Innocent Spouse Relief application, requesting an audit reconsideration, and representing clients in Tax Court. These processes can be intimidating, and lead to people not completing the appropriate application or not responding. This will jeopardize a person's financial stability, and it will exacerbate the initial issue.

These clinics help current law students become more prepared for work after law school. They also become connected to helping low income populations, which can last throughout their career. Students have the opportunity to participate in litigation and negotiations. They also gain experience with interviewing clients and researching cases. This experience will build a cohort of attorney's that will have the desire and knowledge to serve low income communities.

***For these reasons, we encourage you to return a favorable report on HB 421.***

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<sup>1</sup> <https://taxpayeradvocate.irs.gov/about/litc>