



THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

**Testimony in Support of HB 919  
Income Tax – Child Tax Credit – Alterations and Sunset Extension**

This bill would expand the Maryland Child Tax Credit to include more low-income families, particularly those who have young children.

In the 2021 session, the General Assembly passed legislation to create the Maryland Child Tax Credit, which was targeted to families with a child with a disability and whose income is less than \$6,000 annually.

This legislation would expand on that credit to include families making up to \$15,000 and who have a child under the age of 6.

HB 919 would cover low-income families who are currently excluded from the federal Child Tax Credit because of their very low income or because their children are not U.S. citizens. These exclusions in the federal credit have resulted in 10% of children in the U.S. not receiving any money from the Child Tax Credit.<sup>1</sup> Research shows that children of color and kids being raised by a single mother are disproportionately impacted.<sup>2</sup> Moreover, 3.7 million kids fell back into poverty once the federal expanded child tax credit ended last year.<sup>3</sup>

**Childhood Poverty Hurts Kids and Our Economy**

Too many children in Maryland are growing up in poverty. Even before the pandemic, thirteen percent of Maryland kids age 0 to 5 are from households living below the federal poverty line.<sup>4</sup> (For a family of four, this equates to \$25,750 a year.) Because of the pandemic, approximately one in six kids in Maryland live in a household where there isn't enough food and one in five households are behind on their rent.<sup>5</sup>

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<sup>1</sup> "Left Behind: The One-Third of Children in Families Who Earn Too Little to Get the Full Child Tax Credit," 2019, Columbia University Center on Poverty and Social Policy.

<sup>2</sup> "Children Losing Out: The Geographic Distribution of the Federal Child Tax Credit," 2019, Columbia University Center on Poverty and Social Policy.

<sup>3</sup> "3.7 Million More Children in Poverty in Jan 2022 Without Monthly Child Tax Credit," 2022, Columbia University Center on Poverty and Social Policy.

<sup>4</sup> "Harnessing State Child Tax Credits Will Dramatically Reduce Child Poverty," 2019, Center for American Progress.

<sup>5</sup> "Tracking the Recession's Effects on Food, Housing, and Employment Hardships." October 2021, Center on Budget and Policy Priorities.

Children who grow up in poverty experience lifelong disadvantages. “A wealth of evidence suggests that a lack of adequate family economic resources compromises children’s ability to grow and achieve success in adulthood, hurting them and the broader society as well,” according to a report from the non-partisan National Academy of Sciences.<sup>6</sup>

Among the negative impacts documented by researchers about children living in poverty are low birthrate, impaired physical health, and mental health problems. Negative effects continue into adulthood, including lower educational attainment; difficulty obtaining steady, well-paying employment; and a greater likelihood of risky behaviors, delinquency, and criminal behavior in adolescence and adulthood.<sup>5</sup>

The good news is that we can prevent many of these negative outcomes by helping families with children to rise out of poverty. For instance, one study found that boosting a low-income family’s income by \$3,000 per year until a child’s sixth birthday translates into a 17 percent average increase in adult earnings for that child.<sup>7</sup> Other studies have found that monetary subsidies for low-income families improve children’s educational achievement, the developmental progress of babies, and even increases their propensity as adults to vote.<sup>8</sup> For these reasons, the National Academy of Sciences report recommended expanding the Child Tax Credit as a cornerstone of its plan to cut the child poverty rate in half in the United States.<sup>5</sup>

This bill would expand the state’s Child Tax Credit. A taxpayer with income below \$15,000 would qualify for a \$500 tax credit for each qualified child who is age 0 to 5 or is age 0 to 16 with a physical, intellectual, developmental, or emotional disability.

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<sup>6</sup> “A Roadmap to Reducing Child Poverty,” 2019, National Academies of Sciences, Engineering, and Medicine.

<sup>7</sup> “Early-Childhood Poverty and Adult Attainment, Behavior, and Health,” Greg J. Duncan, Kathleen M. Ziol-Guest, and Ariel Kalil, 2010, *Child Development* 81(1): 306-325.

<sup>8</sup> <https://www.nytimes.com/2020/08/22/sunday-review/coronavirus-poverty-child-allowance.html>