



HB 992 - Income Tax - Earned Income Tax Credit - Alteration and Sunset Repeal

House Ways and Means Committee

March 02, 2022

SUPPORT

Chairman Atterbeary, Vice-Chair and members of the committee, thank you for the opportunity to provide testimony in support of House Bill 992. This bill will permanently strengthen Maryland's EITC.

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.**

We are a member of the Tax Credits for Maryland Families Coalition. Tax Credits for Maryland Families (TCMF) is a coalition of more than 20 organizations committed to educating policymakers and the public about the state's working family tax credits, the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC).

Maryland is one of 28 states that offer a state level EITC, which it began in 1987. Both the federal and state EITC will either reduce or eliminate the amount of the federal and state income taxes owed. This credit is the largest and most effective anti-poverty tool for Maryland residents. **Each year, Maryland's EITC gives a much-deserved break to more than 400,000 Marylanders who work hard but still struggle to get by on low wages.** The EITC is incredibly effective for those who receive it; however, prior to the changes in 2021 through the RELIEF Act, the credit was not as valuable for single filers unable to claim dependents and excluded immigrant taxpayers.

The RELIEF Act strengthened and expanded the EITC which:

- Increased the expected average state credit to \$1,100, with more than 400,000 Marylanders expected to benefit from this larger credit,
- Made the EITC more valuable for workers unable to claim dependents by increasing the max credit to \$530, and
- Included 80,000 immigrant taxpayers who have been left out of receiving the EITC and COVID relief efforts.

Research shows EITC refunds are typically spent locally – on groceries or transportation to and from work – benefiting our local economy. Additionally, for every dollar spent on the EITC, \$1.24 is returned to the local economy¹. We know that when economic downturns happen, individuals spend less money in local economies. By expanding and providing more support for low-income workers, local economies will receive a much-needed boost.

HB 992 will permanently strengthen Maryland's EITC and provide additional aid to millions of Marylanders. This will increase family's financial stability, and will strengthen their connection to the workforce, increase health outcomes and academic performance and contribute to the overall well-being of Marylanders.

We urge a favorable report on HB 992 in order to reduce poverty, encourage work, and fuel Maryland's economy.

¹ [Bolstering the Economy: Helping American Families by Reauthorizing the Payroll Tax Cut and UI Benefits](#)