

Comptroller Testimony

Uploaded by: Brooke Lierman

Position: FAV

Income Tax - Individual Income Tax Credit Eligibility Awareness Campaign

HB845 / SB1105

The General Assembly has implemented numerous personal income tax credits for the benefit of Maryland taxpayers. Many of the most impactful tax credits, particularly those aimed at supporting children, families, and seniors, are underutilized. Data indicates that effective outreach and education resources could help to significantly shrink the gap between those eligible for tax credits and those claiming them.

What this bill does: This bill creates a reoccurring appropriation of \$300,000 to support targeted outreach and education on personal income tax credits. Some example credits that would be eligible for outreach and education under this bill include the Earned Income Tax Credit, the Child Tax Credit, and the Senior Tax Credit.

Why this bill is important: With the implementation of this bill, the State of Maryland will be investing resources to ensure we can alert likely eligible Marylanders of their ability to claim personal income tax credits. The tax credits targeted for outreach are for potentially vulnerable populations including children, seniors, and low-income Marylanders. These are critical resources that will help Marylanders to pay their bills, feed their families, save for needed expenses or education and more.

Other states, including Illinois, Virginia, and California have proved that these investments in outreach can close the gap between those eligible and those claiming these credits. Even with a relatively modest investment, compared to California's \$20 million annual expenditure, Maryland could make significant inroads to help Marylanders gain access to these important lifelines.



Brooke Lierman
Comptroller of Maryland



SB1105 - MBA - FAV - GR 24.pdf

Uploaded by: Evan Richards

Position: FAV



SB 1105 - Income Tax - Individual Income Tax Credit Eligibility Awareness Campaign

Committee: Senate Budget and Taxation Committee

Date: February 29, 2024

Position: Favorable

The Maryland Bankers Association (MBA) **SUPPORTS** SB 1105. This legislation requires the Comptroller of Maryland to implement and administer an Individual Income Tax Credit Eligibility Awareness Campaign. This Campaign shall identify underserved Marylanders who are eligible for individual income tax credits and encourage them to apply for the credits if they haven't done so already.

Too many Marylanders are eligible for various income tax credits but are either unaware they are eligible or do not know how to apply. Maryland banks take pride in the work they do to help their customers achieve their financial goals, and encouraging eligible Marylanders to file for these credits will allow them to use the funds retained through the credit to meet those goals.

Accordingly, MBA urges issuance of a **FAVORABLE** report on SB 1105.

The Maryland Bankers Association (MBA) represents FDIC-insured community, regional, and national banks, employing more than 26,000 Marylanders and holding more than \$209 billion in deposits in over 1,200 branches across our State. The Maryland banking industry serves customers across the State and provides an array of financial services including residential mortgage lending, business banking, estates and trust services, consumer banking, and more.

SB 1105 FINAL WR Testimony.pdf

Uploaded by: Giavante Hawkins

Position: FAV



MARYLAND SOCIETY OF ACCOUNTING AND TAX PROFESSIONALS

10451 Mill Run Circle #625
Owings Mills, MD 21117

1-800-922-9672
410-876-5998

FAX 443-881-4146
www.msatp.org

OFFICERS & DIRECTORS

Donya S. Oneto
President

Ellen S. Silverstein
1st Vice President

Hannah Coyle
2nd Vice President

Jonathan E. Rivlin
Secretary

Ann F. Elliott
Treasurer

Sean D. Coggins
Delegate

Matthew T. Eddleman
Delegate

Michael L. Kohler
Delegate

Michael S. McIlhargey
Delegate

Nicole Moore
Delegate

Barbara J. Smith
Past President

Christine Giovetti
Board of Trustees Delegate

Giavante' Hawkins
Executive Director

To: Budget and Taxation

From: The Maryland Society of Accounting and Tax Professionals

Re: SB 1105

Contact Person: Giavante' Hawkins

Position: IN FAVOR

Income Tax - Individual Income Tax Credit Eligibility Awareness Campaign

On behalf of the Maryland Society of Accounting and Tax Professionals (MSATP), representing over 2,000 tax professionals serving hundreds of thousands of Maryland taxpayers, I write in enthusiastic support of Senate Bill 1105, establishing a statewide tax credit awareness campaign.

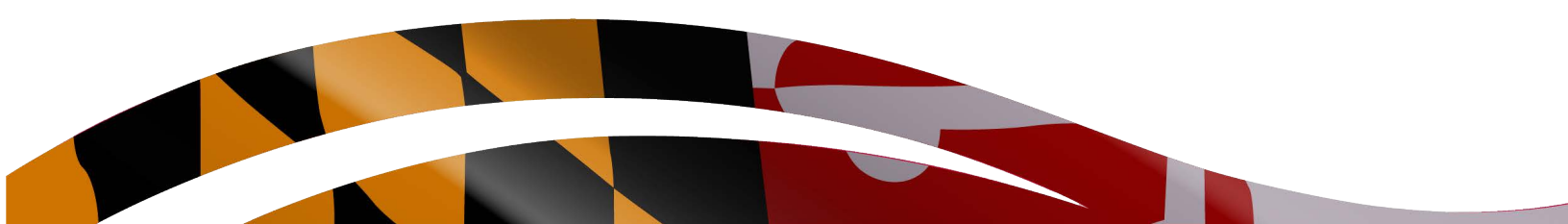
Our members assist countless households striving toward economic security. Tax refund programs provide essential income boosts, supplementing wages too often, still leaving families strained. Yet many eligible residents remain unaware of credits offering relief, leaving potential benefits unclaimed.

Senate Bill 1105 provides a welcomed solution to raising the visibility of tax credit opportunities through coordinated education and outreach. By partnering with state agencies to identify and contact qualifying individuals about available aid yearly, we can ensure all individuals have access to deserved support. Getting the word out empowers citizens and communities alike.

The MSATP applauds sponsoring delegates for their vision of connecting citizens to programs that lift their financial burdens through prudent policymaking. We urge a favorable committee report so this common sense initiative can come to fruition. Please reach out with any questions on how we can support enactment or implementation.

Thank you for your consideration.

Giavante Hawkins



SB 1105_MD Center on Economic Policy_FAV.pdf

Uploaded by: Kali Schumitz

Position: FAV



FEBRUARY 29, 2024

Ensuring Marylanders Receive Much-Needed Tax Credits Will Benefit Families and our Economy

Position Statement Supporting Senate Bill 1105

Given before the Senate Budget and Taxation Committee

There are a range of federal and state tax credits aimed at helping working families make ends meet. These include the Earned Income Tax Credit (EITC), Child Tax Credit (CTC), federal Child and Dependent Care Credit, and Maryland’s Senior Tax Credit. While these credits help boost incomes for hundreds of thousands of Marylanders each year, there are still many who don’t receive the benefits even though they are eligible. **The Maryland Center on Economic Policy supports Senate Bill 1105 because it will expand outreach and use data matching technology to help ensure Marylanders receive the tax credits they are eligible for.**

For example, nearly 359,000 Maryland families received an income boost from the federal EITC last year but about one in four who are eligible don’t receive it, according to IRS data.¹ The number of eligible Marylanders who aren’t receiving the credit has gradually increased over the last decade, suggesting that the current outreach and education aren’t enough. People with very low incomes often don’t earn enough to be required to file a tax return every year and may not be aware that they are missing out on refundable credits.

While similar data are not publicly available for other types of credits, it is likely that many Marylanders are missing out on other types of income-boosting credits as well. Over the last few years, state policymakers have expanded eligibility for the state EITC and created a state CTC and Senior Tax Credit, meaning many taxpayers are now eligible for new credits that they have not been eligible for in the past.

It is important to ensure all eligible Marylanders are receiving the EITC and CTC because they can have such a powerful impact on people’s lives. Nationwide nearly 11 million people are lifted out of poverty each year because of the federal EITC and CTC, with Maryland residents seeing even further benefits due to our state credits.² Research shows that reducing poverty through these tax credits, especially for children, has significant long-term benefits, such as experiencing better health, doing better in school, and earning higher incomes later in life. It is also good for our economy, as families living paycheck to paycheck are likely to spend their refunds on immediate needs like car repairs, clothing, or school supplies, which boosts sales at local businesses.

SB 1105 provides the Office of the Comptroller with additional resources and tools to raise awareness about tax credits and match data from other state agencies to help identify people who are likely eligible for certain

credits but have not claimed them. Expanding uptake of these valuable credits among people who are likely to be eligible would help increase economic security and access to opportunity.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Budget and Taxation Committee make a favorable report on Senate Bill 1105.

Equity Impact Analysis: Senate Bill 1105

Bill summary

Senate Bill 1105 provides the Office of the Comptroller with additional resources and tools to raise awareness about tax credits and match data from other state agencies to help identify people who are likely eligible for certain credits but have not claimed them. It permits data sharing agreements with other state agencies and outlines protections for personal data. It also creates a mandated appropriation of \$300,000 per year starting in fiscal year 2026 to fund a public awareness campaign.

Background

About 27% of Marylanders who were eligible for the federal EITC did not claim it in 2020, the most recent year for which IRS data are available. Maryland's EITC participation rate has slightly declined, from nearly 80% in tax year 2011 to around 76% in tax years 2018 and 2019 and 73% in tax year 2020. Similar data are not publicly available for the federal Child Tax Credit or the state level credits. Maryland has taken positive steps to expand eligibility for the state EITC and create a modest state CTC in recent years, meaning there are some people who can receive the state credit but not the federal one. The state has also created other individual credits for older adults and retirees.

Equity Implications

- Due to various structural barriers to opportunity, Black and Latinx workers are far more likely than white workers to earn poverty-level wages and are therefore more likely to qualify for the EITC and Maryland's state CTC. While state and federal tax credits serve a larger number of white households than households in any other racial or ethnic group, they serve a larger proportion of people of color.
- EITCs also have a disproportionate impact in reducing poverty rates among households of color.³

Impact

Senate Bill 1105 would likely **improve racial and economic equity** in Maryland.

¹ IRS, EITC Participation Rates By State For Tax Years 2013 through 2020, <https://www.eitc.irs.gov/eitc-central/participation-rate-by-state/eitc-participation-rate-by-states>

² Center on Budget and Policy Priorities, "Policy Basics: The Child Tax Credit," 2022. <https://www.cbpp.org/research/policy-basics-the-child-tax-credit>

³ Michael Leachman et. al. "Advancing Racial Equity With State Tax Policy," Center on Budget and Policy Priorities, Nov. 15, 2018. <https://www.cbpp.org/research/state-budget-and-tax/advancing-racial-equity-with-state-tax-policy>

SB 1105 PKS Testimony .pdf

Uploaded by: Paul Schwartz

Position: FAV



Testimony of Paul Schwartz
February 29, 2024
Senate Budget & Taxation Committee
SB 1105 – Income Tax – Individual Income Tax Credit
Eligibility Awareness Campaign

I am Paul Schwartz, State Legislation Chair for the National Active & Retired Federal Employees – NARFE.

I have testified before this committee on numerous occasions, too many instances to keep track, but almost always I testified to seek a **tax credit** whether for stemming senior migration to tax friendly states or encouraging the purchase of long term care insurance

This time I testify in support of a bill, SB 1105, which simply seeks to implement a campaign to identify and encourage individuals to apply for certain **already existing** tax credits for which they are **eligible** but failed, for whatever reason, to claim.

In other words, if eligible, it's their money we are looking to give them.

When you passed the initial legislation creating the tax credit you did so for good reason.

Not to pass this bill undermines your own purpose.

We consistently hear about how overly complicated our income tax system is and how we need to streamline it.

Here is an opportunity to help some individuals who may have become victims to that complicated system.

We are very fortunate to have a Comptroller who is extremely capable, intelligent and, maybe more importantly, dedicated and committed to the citizens of this state.

Let's help her help those who need her help and give a favorable report for SB 1105.

02.28 - SB 1105 - Income Tax - Individual Income

Uploaded by: Robin McKinney

Position: FAV



SB 1105 – Income Tax - Individual Income Tax Credit Eligibility Awareness Campaign
Budget and Taxation Committee
February 29, 2024
SUPPORT

Chair Guzzone, Vice-Chair Rosapepe, and members of the committee, thank you for the opportunity to submit testimony in support of Senate Bill 1105. This bill will allocate funding for the Comptroller to implement an individual income tax credit eligibility awareness campaign to identify and encourage individuals to apply for income tax credits.

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.**

Tax credits like the Child Tax Credit (CTC) and the Earned Income Tax Credit (EITC) are some of the most powerful tools that local, state, and federal governments use to lift workers out of poverty. Maryland is one of the 31 states that values their hard-working, low-income citizens by offering a state version of the EITC. Research shows that this tax credit substantially benefits women and communities of color and helps keep people engaged in the workforce. Unfortunately, many people's ability to stay connected to the workforce is threatened. Right now, many low-paid workers are fighting to gain or maintain financial security and refundable tax credits are a critical tool for supporting them.

Spreading awareness of the CTC and EITC will result in an increase the participation of these credits. Maryland's participation in the EITC decreased from tax year 2019 and tax year 2020¹. This decrease represents more household leaving essential money on the table. It will also increase households' connection to the workforce. Working can be expensive for families. Parents need childcare, transportation, and other support to be able to participate in the workforce. With more knowledge of their eligibility for tax credits, families can receive money that can be directly used to manage some of these factors. This means that these families will have a greater opportunity to increase work hours, therefore increasing that family's income for longer than the initial credit. Research has shown that the EITC increases labor force participation for single mothers and is meaningful for reducing poverty,² while the CTC increases labor force participation for single mothers and has the most impact on mothers with young children from 3-5 years old.³

Every year, millions in EITC funds are left on the table instead of in working families' pockets. SB 1105 would ensure that more eligible Marylanders are aware of tax credits that they are eligible for so they can claim them come tax season. More Marylanders claiming their tax credits means fewer households in poverty and a stronger workforce, which will strengthen Maryland's economy.

Thus, we encourage you to return a favorable report for SB 1105.

¹ <https://www.eitc.irs.gov/eitc-central/participation-rate-by-state/eitc-participation-rate-by-states>

² <https://www.niskanencenter.org/new-research-finds-the-child-tax-credit-promotes-work/>

³ <https://www.nber.org/digest/aug06/earned-income-tax-credit-raises-employment>

SB 1105 Individual Income Tax Credit Eligibility A

Uploaded by: Tammy Bresnahan

Position: FAV



One Park Place | Suite 475 | Annapolis, MD 21401-3475
1-866-542-8163 | Fax: 410-837-0269
aarp.org/md | md@aarp.org | twitter: @aarpm
facebook.com/aarpm

**SB 1105 Income Tax – Individual Income Tax Credit Eligibility Awareness Campaign
Senate Budget and Taxation Committee
FAVORABLE
February 29, 2024**

Good afternoon, Chair Guzzone and members of the Senate Budget and Taxation Committee. I am Tammy Bresnahan, Senior Director of Advocacy for AARP MD. AARP Maryland advocates for the more than two million Marylanders age 50 and older is in support of SB 1105 Income Tax – Individual Income Tax Credit Eligibility Awareness Campaign. We thank the Comptroller for bringing SB 1105 to the General Assembly.

AARP is a nonpartisan, nonprofit, nationwide organization that helps people turn their goals and dreams into real possibilities, strengthens communities, and fights for the issues that matter most to families such as health care, employment and income security, retirement planning, affordable utilities, and protection from financial abuse.

SB 1105 requires the Comptroller to implement and administer an income tax credit eligibility awareness campaign to identify and encourage individuals to apply for income tax credits. It authorizes the Comptroller to enter into agreements with other State agencies to conduct the awareness campaign; and requires the Governor to include in the annual budget bill an appropriation of \$300,000 for the awareness campaign.

For some background and why AARP supports this bill beginning February 1 and continuing through April 15, AARP Foundation is providing in-person tax assistance and preparation through its Tax-Aide program — and it is completely free.

Since 1968, AARP Foundation Tax-Aide has provided free tax help to over seventy-eight million taxpayers, with a focus on older adults with low to moderate income. Tax-Aide volunteers are located nationwide and are trained and IRS-certified every year to make sure they know about and understand the latest changes and additions to the tax code.

In 2022, 774 AARP Foundation Tax-Aide volunteers helped more than 40,210 Maryland residents claim \$27,520,582 in federal refunds and \$2,751,085 state refunds at 127 sites in Maryland, including senior centers, libraries, and other convenient locations.

Taxpayers who used AARP Foundation Tax-Aide avoided tax preparation fees and pitches for high-interest tax credit or refund loans. The program is offered to all Marylanders 50 and over. AARP membership is not required.

Tax credits and deductions are two ways to reduce tax liability. Tax credits directly reduce the amount of taxes owed, dollar-for-dollar. They benefit all those who owe tax. If the credit is refundable, people can receive a tax refund even if the benefit exceeds the amount of their tax liability.

Some of these tax preferences are intended to encourage certain types of activity. Or they may provide relief for people in certain situations including the medical expense deduction and the senior tax credit.

Many families/individuals that are newly eligible for these benefits also rely on other government benefits. Outreach from state and local agencies and other community partners is one of the most effective ways to get families enrolled. A simple text or email to benefits recipients can help families access millions of dollars. The goal should be for governments to reach all potentially eligible individuals and to collaborate with community organizations to help spread the word about how to access these impactful tax benefits.

For these reasons, we respectfully request a favorable report for SB 1105. If you have questions or need further clarification, please contact me at tbresnahan@arp.org or by calling 410-302-8451

Written Testimony SB1105 FAV 2024.pdf

Uploaded by: Zoe Gallagher

Position: FAV



Testimony to the Senate Budget and Taxation Committee
SB1105 Income Tax - Individual Income Tax Credit Eligibility Awareness Campaign
Position: Favorable

February 28, 2024

Sen. Guy Guzzone, Chair
3 West Miller Senate Office Building
Annapolis, Maryland 21401
Cc: Members, Budget and Taxation Committee

Honorable Chair Guzzone and Members of the Committee:

Economic Action Maryland (formerly the Maryland Consumer Rights Coalition), a people-centered movement to expand economic rights, housing justice, and community reinvestment for working families, low-income communities, and communities of color. Economic Action Maryland provides direct assistance today while passing legislation and regulations to create systemic change in the future.

I am writing today to urge your favorable report on SB1105, which would establish an Individual Income Tax Credit Eligibility Awareness Campaign.

As a part of our direct assistance, Economic Action Maryland has been working to spread the word about beneficial tax credits such as the Renters' Tax Credit (RTC) and Homeowners' Tax Credit (HOTC) programs, as well as assisting those who are eligible throughout the application process. On the legislative side, Economic Action has been working to make this program more equitable and accessible, specifically for older adults.

Because of our work with tax credits, specifically within the older adult population in Maryland, we know first hand the impact a tax credit can have on the financial stability of a household. For many of our clients, the HOTC and RTC have given them the ability to age in place and pay for basic necessities without being priced out of the communities they have lived in for decades.

We believe tax credits are a powerful and financially empowering tool, and fully support any campaign that would spread awareness of them. People of all ages and backgrounds are struggling to get by as the cost of living has dramatically increased over the past few years, and they should be aware of the assistance that they qualify for.

For these reasons, we support SB1105 and ask for a favorable report.

Sincerely,
Zoe Gallagher, Policy Associate