



**February 22**

**Testimony on Senate Bill 388 / House Bill 1007**

**Fair Share for Maryland Act of 2024**

**Senate Budget and Taxation Committee | House Ways and Means Committee**

**Position: Favorable**

Maryland Nonprofits urges you to support the Fair Share for Maryland Act of 2024, designed to create a fair tax system, allow for the revenue the state requires to meet its commitments, and provide relief to low-income families through the child tax credit and earned income tax credit.

Maryland Nonprofits represents the interests of our state's 40,000 nonprofit organizations, with more than 1,700 members across the state.

Comptroller Brooke Lierman's recent State of the Economy report of 2023 points out that Maryland has the lowest unemployment rate and highest median household income of any state in the nation. However, child poverty still persists at 12% in Maryland, homelessness has surged including thousands of youth who are unhoused, and evictions have risen 75% from 2022 to 2023. This is not okay in one of the wealthiest states in the wealthiest nation on the planet. It is the job of public policy to address an obvious disconnect between a strong economy and the growth of extreme poverty. Nonprofits stand in this gap, providing safety net services and helping people get on their feet and into the workforce. However, government funding of nonprofit programs to address these needs has never been sufficient. In an environment of rising costs, the gaps are widening. The Fair Share for Maryland Act will enable the state to implement strong policies to address these gaps.

The Comptroller's report also noted that Maryland's economy is not growing at the level seen in other states. More than 180,000 people have dropped out of the labor force since 2019, and that is depressing state tax revenues as well as household well-being. Workforce shortages are standing in the way of businesses expanding, despite high levels of demand.

The United Way of Central Maryland's research reveals that 38% of Maryland households struggle to meet basic needs of food, shelter, health care, transportation and childcare. Expanding the child tax credit and earned income tax credit are proven ways to lift families out of poverty.

Implementing the Fair Share for Maryland Act will both bring relief to families suffering from the ill effects of poverty AND will eliminate barriers to employment to get our economy growing again.

The state's nonprofit sector is a vital partner to governments in addressing barriers to employment, ensuring children grow up with opportunity and not hunger, and bringing people into the workforce through training, mental health and substance use services, housing and rehabilitation programs. Nonprofits help bring down crime rates through providing social services to those most likely to offend, and helping young people get involved in constructive opportunities like STEM, athletics and arts to help them overcome challenges that could put them on the wrong path.



Yet, nonprofits themselves operate on chronic structural deficits as the amount of funding fails to meet the needs or the costs of basic operations. We do our best to make up the gaps with donations but it is far from sufficient to meet the rising costs of food, staffing and transportation. Funders expect nonprofits to be able to offer a meal for \$5.00 - \$8.00 per person and it is just not possible anymore.

State government has been on diet of thin gruel for more than a decade and was stretched further by the pandemic. Our partners in state government do not have the staffing they need to carry out their duties. Nonprofits often must wait for months to receive contracts and payments when working with the state, and find that critical functions like environmental health officers, inspectors, permit writers and others are not able to keep up with the demands required of them. Transportation is lacking in all 24 state jurisdictions and is a significant barrier to employment and self-sufficiency. Serious and sustained state investment is needed for a modern transit system as well as other state systems like our technology infrastructure, language access services, and libraries. We cannot make these investments in getting Maryland's economy growing again with self-imposed fiscal austerity.

The Fair Share for Maryland Act provides much-needed relief for working families and provides Maryland with a more stable and sustainable revenue structure to meet community needs and get our economy growing. **We urge a favorable report on Senate Bill 388 / House Bill 1007, the Fair Share for Maryland Act of 2024.**



30 YEARS STRENGTHENING ORGANIZATIONS FOR GREATER QUALITY OF LIFE AND EQUITY

