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Susan O'Neill, Chair

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Testimony in Support of
House Bill 451- Tax Assistance for Low-Income Marylanders - Funding
House Ways and Means Committee
February 8, 2024

The Rural Maryland Council respectfully requests your **FAVORABLE** support of House Bill 451- Tax Assistance for Low-Income Marylanders - Funding. The bill requires the Comptroller, beginning in Fiscal Year 2025, to distribute \$500,000 of abandoned property funds to the Tax Clinics for Low-Income Marylanders Fund and requires the Governor to include \$800,000 in the State's annual budget for the CASH Campaign of Maryland to award grants for providing tax assistance through on-demand and mobile tax clinics that serve senior populations, rural communities or under-resourced communities including new American populations.

Volunteer tax prep helps families by providing them with free assistance in preparing their tax returns accurately and efficiently. This can help families maximize their tax refunds and credits, ensuring they receive the full amount of money they are entitled to. Additionally, volunteers can help families navigate complex tax and regulations, preventing them from making costly mistakes or missing out on potential tax benefits. Overall, volunteer tax prep can alleviate financial burdens for families and empower them to make more informed decisions about their finances.

This assistance helps families access the Earned Income Tax Credit (EITC), which is highly underutilized. The EITC is helpful for families in several ways. It provides a refundable tax credit to low and moderate-income working individuals and families, which can result in a significant cash infusion for them. The EITC can help lift families out of poverty by supplementing their income and reducing their tax burden. It also serves as an incentive for people to work, as it rewards individuals who are employed and earning income. Overall, the EITC is a valuable tool in combating poverty and improving financial stability for families. Refunds offered by the credit allow the family to make personal financial decisions that best serve their family.

One of the ways this credit is used is in addiction services. This helps those who are recovering, and often restarting their lives, to be provided with a tax break from the taxes of their past employment and have available finances to help them get back on their feet. Additionally, tax assistance is cost effective. The operation of the program does not require additional staffing. Tax assistance programs are run by volunteers and determined through tax returns that are already available to the Comptroller's office.

Maryland's rural areas often report the highest rates of poverty in the State areas compared to our urban and suburban counterparts. This legislation will help provide tax relief to low-income families that often miss out on the opportunity to take advantage of the tax breaks for which they are eligible. The Rural Maryland Council respectfully requests your favorable support of House Bill 451.

The Rural Maryland Council (RMC) is an independent state agency governed by a nonpartisan, 40-member board that consists of inclusive representation from the federal, state, regional, county, and municipal governments, as well as the for-profit and nonprofit sectors. We bring together federal, state, county, and municipal government officials as well as representatives of the for-profit and nonprofit sectors to identify challenges unique to rural communities and to craft public policy, programmatic or regulatory solutions.

"A Collective Voice for Rural Maryland"