

The Case for Raising the Maximum Income Eligibility for Maryland's Earned Income Tax Credit

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Working family tax credits, like Maryland's state Earned Income Tax Credit (EITC), are proven, powerful tools that help reduce poverty and ensure that more families can afford the basic things their household needs. Thanks to the actions of state policymakers in recent years, Maryland now has one of the strongest EITCs in the country, reaching more than 400,000 households each year.

However, our state EITC continues to leave behind young workers and other vulnerable groups who don't claim dependent children on their taxes but are struggling to get by on very low incomes. Expanding eligibility for these groups would allow more low-income Marylanders to get up to \$600 back at tax time, benefiting families and communities across the state.

Right now, someone working full-time at minimum wage in Maryland earns too much to qualify for the EITC even though their income alone is often not enough to meet their basic needs. This holds back:

- Young adults just getting started in the workforce
- Youth aging out of foster care
- Non-custodial parents and others who may be helping care for children
- Older adults who are still in the workforce but no longer have dependent children

Increasing the maximum income eligibility for low-paid workers to receive the EITC to \$27,000 for workers without dependents would increase economic security for about 100,000 of the lowest-paid workers in the state. Past research of the EITC shows that people remain eligible for the EITC for about three years, on average, in Maryland and that it helps families afford basics like food, rent, and utility bills or to cover larger one-time expenses, like car repairs or medical bills, that they may have a hard time saving up for because of their very low incomes.

We all benefit when people in our community are better able to make ends meet. Working family credits like the EITC also help boost local businesses as they spend their tax refunds – Every dollar invested in the EITC generates \$1.23 of economic activity, according to one estimate.

To learn more about the EITC in Maryland and ways to support this legislation, visit:

TaxCreditsForMDfamilies.org

