

Support Maryland's Working Families Through a State Child Tax Credit

In the Fair Share Act and Gov. Moore's Tax Plan



The benefits of direct cash payment programs like the Child Tax Credit can help end child poverty in our state. Research shows that tax credits like the CTC help lift families out of poverty and improve their financial outlook in the long term.

The hardships that come with poverty, like unstable housing, inadequate nutrition, and high levels of stress, harm children's health and can hold them back from their full potential while in school and later in life. Providing tax credits and other forms of assistance that reduce those hardships creates greater opportunity for children, their families, and our state.

Maryland has a modest state CTC of \$500. While an important first step, it is only available to families with an income of \$15,000 or less who have a child under 6 OR a dependent under 17 with a disability.

Research shows the CTC supports:

- Better health
- Greater educational achievements
- More hours worked and higher earnings in adulthood

The federal Child Tax Credit allows families to get up to \$2,000 per qualifying child under 17 back at tax time, putting cash in the pockets of millions of families that they can use to pay for the things they need. For the 2024 and 2025 tax years, the phaseout of the credit begins with \$200,000 in income. After the 2025 tax year, the federal CTC is set to drop down to \$1,000 per qualifying child.

2025 CTC Legislative Proposals

In the Fair Share for Maryland Act

Maryland can continue to build on the success of the 2023 Family Prosperity Act by expanding our modest Child Tax Credit so that it reaches more low-and moderate-income families.

The Child Tax Credit expansion in the Fair Share Plan would provide a fully refundable \$750 per child credit to parents with children under the age of 5 and a \$500 per child credit for older children.

Households with income up to \$45,000 for single filers and \$65,000 for joint filers would receive the full credit, and it would gradually phase out from there to avoid a "cliff" effect.

In Governor Moore's Tax Plan

Governor Moore's tax plan would strengthen support of Maryland's children by improving the design of the state's Child Tax Credit.

Currently, if you make just \$1 over the income limit (\$15,000 or below), you are not eligible to receive the state CTC credit. **In Gov. Moore's plan, the full credit amount (\$500) wouldn't change, but it would create a phaseout, allowing parents with up to \$24,000 in income to receive a partial credit.**

This would offer modest support to some struggling families with young children, and would remove hurdles for families trying to plan for their futures.