



## **FOR IMMEDIATE RELEASE**

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### **Maryland's Federal Tax Response Must Protect Low-Income Marylanders**

New details of how federal tax changes will affect Marylanders show that people with very low incomes - under \$25,000 - will see some of the greatest harms. As state lawmakers evaluate and respond to the tax changes, they must ensure that this particularly vulnerable group is included in any response, said leaders of the CASH Campaign of Maryland and the Maryland Center on Economic Policy.

The two organizations are supporting legislation that would expand Maryland's Earned Income Tax Credit (EITC) for single workers not claiming dependents, sponsored by Sen. Rich Madaleno and Del. Sheila Hixson. "The Earned Income Tax Credit is one of our most effective policy tools to lift people out of poverty. We must invest in young workers to get them off to the right start," Sen. Madaleno said.

"The EITC currently leaves behind very young workers and those who aren't claiming dependents on their taxes," said Robin McKinney, CEO of the CASH Campaign of Maryland. "Expanding Maryland's state EITC will put money back in the pockets of people who work hard for low wages, and who are effectively being taxed further into poverty."

About 180,000 Maryland taxpayers with incomes under \$25,000 would see their state taxes go up by an average of \$250 due to federal tax changes, according to a report the Comptroller's office released today. In addition, about 50,000 people in this group would see an average federal tax increase of \$730.

"These tax changes ask the most of those who can least afford it. Protecting the lowest-income Marylanders must be the top priority," said Maryland Center on Economic Policy Executive Director Benjamin Orr. "This group will also see the greatest harm if Congress makes the promised spending cuts to pay for the \$1.4 trillion tax bill."

Strengthening the EITC for workers not raising children could reduce taxes for more than 355,000 working Marylanders, putting them on a path to greater financial stability. Right now, many of these individuals are not eligible to receive the EITC or receive a very small credit, which means they are taxed further into poverty. With the proposed adjustments to the EITC, low-wage workers would be eligible to get back an average of \$375 at tax time – money that will be directly invested in the local economy on necessities like groceries, rent, utility bills, or car repairs.

#### **Bill Summary**

The proposed adjustments to Maryland's EITC include three important steps:

- Allow people ages 18 to 24 to claim the credit.
- Increase the income limit to \$23,540 for someone filing taxes as single to claim the state EITC.
- Allow workers not claiming dependents to receive a state tax credit equal to 100 percent of the federal EITC, up to \$510 for the 2017 tax year.

With these three steps combined, thousands of hard-working Marylanders will be able to keep more of what they earn and get a more meaningful refund at tax time. For example, under current law, an adult working full time at the minimum wage, earning \$14,500 per year, and not claiming any dependents would pay \$1,506 in federal taxes and receive an EITC of just \$23. Under the proposed law, the same worker could qualify for a state EITC of 100 percent of the federal credit, a maximum EITC of \$510.

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### **About the CASH (Creating Assets, Savings, and Hope) Campaign of Maryland**

The new nonprofit CASH Campaign of Maryland works with its partners across the state to promote programs, products, and policies that increase the financial security of low-to-moderate-income individuals and families across the state. Most services are available at no cost to participants including free tax preparation, financial education classes and financial coaching. For more information, contact Robin McKinney, Co-Founder & CEO, CASH Campaign of Maryland, [robin@cashmd.org](mailto:robin@cashmd.org) or 410-929-4190. [www.cashmd.org](http://www.cashmd.org), @CASHMD

### **About Maryland Center on Economic Policy**

The Maryland Center on Economic Policy advances innovative policy ideas to foster broad prosperity and help our state be the standard-bearer for responsible public policy. We engage in research, analysis, strategic communications, public education, and grassroots alliances promoting robust debate and greater public awareness of the policy choices Maryland residents face together. For more information contact Kali Schumitz, Director of Communications and Partner Engagement, at [kschumitz@mdeconomy.org](mailto:kschumitz@mdeconomy.org) or 410-412-9105, ext. 701. [www.mdeconomy.org](http://www.mdeconomy.org), @mdeconomy