



## 2021 CASH Campaign of Maryland Legislative Priorities

### Making Work Pay

- ***CASH Campaign of Maryland State Grant:*** This grant, formally known as House Bill 1411 from the 2019 Legislative Session, allows CASH to receive a state grant for Earned Income Tax Credit (EITC) outreach and free tax preparation services. This grant is mandated to be in the Governor’s budget, but we must ensure that the full \$200,000 is protected each year to allow us to continue to provide high-quality services. Every year there are millions of EITC dollars that are left on the table instead of in the hands and pockets of low-to-moderate income Maryland workers. We will work to expand awareness of the EITC to those who are most likely to qualify. In addition to EITC outreach, we offer free high quality tax preparation for low-income households. Despite the challenges and necessary limitations due to the global pandemic, CASH will enable Maryland residents to save significant amounts in tax preparation fees for the 2020 tax year. For twenty years, CASH’s efforts have helped Marylanders receive millions in state and federal refunds. At this critical time of economic recovery, increasing the financial resources of fellow working citizens is a key component of recuperating from the pandemic.
- ***EITC Expansion for Single Filers who do not Claim Dependents:*** CASH supports expanding the Earned Income Tax Credit (EITC) for single filers who do not claim dependents. The EITC is recognized for lifting families out of poverty because people must work to receive it – it’s “earned”. However, the credit does not have the same lifting power for single filers who do not claim dependents. Those left out include young veterans, youth aging out of foster care or transitioning out of homelessness, single men struggling to remain engaged in the workforce, noncustodial parents, and pregnant first-time mothers.
  - *We propose expanding Maryland’s EITC for single filers who do not claim dependents by matching the state EITC to 100% of the federal EITC. This will raise the average refund received from \$71 to \$375.*

### Protect Vulnerable Adults from Financial Abuse

- ***Financial Protections for Elders:*** Elderly Marylanders are vulnerable to exploitation by means of debt collection, identity theft, imposter scams, and predatory financial institutions. CASH supports legislation to create and fund a unit within Maryland’s Office of the Attorney General, which will be dedicated to addressing the financial abuse of older adults.



### **Protect Small Businesses from Predatory Products**

- ***Regulation of Merchant Cash Advances (MCA):*** A Merchant Cash Advance (MCA) is a non-traditional form of financing where an MCA company offers quickly accessible capital to a business without requiring collateral. The almost immediate access to funds that MCAs offer is especially tempting for small businesses with poor credit or in desperate need of cash flow. This can lead to small business owners paying an extreme amount in fees. MCA companies use a factor rate to determine the cost of the cash advance. The rate is determined by numerous elements and is multiplied to the advance amount to determine the overall cost of the cash advance.
  - *For example:* If a small business receives a cash advance of \$10,000 with a factor rate of 1.2, then that business owes \$12,000 regardless of how long it takes to pay it.
- Small businesses are vulnerable to MCAs because they operate as an alternative financial service - similar to the high fees per loan amount of payday loans. However, unlike payday loans, they are not a regulated service. Therefore, MCAs should be regulated by the state to require clear and transparent terms to their agreements. The pandemic is creating new and unique obstacles that threaten the security of small businesses, and they must be protected from predatory practices.

### **Strengthen Maryland 529 Accounts**

- ***Put a Lifetime Cap on the State Contribution Match and Add Additional Restrictions:*** The current allowances within the Save4College state match program led to abusive access. With the proposed changes, the program can continue to support low-to-moderate income families to save for future college expenses. We propose:
  - Adding residency requirements for account holders
  - Limiting the beneficiary age to 26
  - Changing how income is calculated
  - Adding lifetime account holder limits

*This [document](#) examines our proposed changes and estimated savings.*

### **Discover the Harmful Effects of Fines and Fees in the Criminal Justice System**

- ***Create a Task Force to study the effects of fines and fees in the criminal justice system:*** CASH supports creating a task force to study the effects of the many fines and fees that individuals in the criminal justice system face. The task force would also provide recommendations to improve the current fee structure.

More information at [www.cashmd.org](http://www.cashmd.org) or contact Tonaeya Moore at [tonaeya@cashmd.org](mailto:tonaeya@cashmd.org).



## **Partnerships**

- ***Medical Debt (Led by the Maryland Consumer Rights Coalition):*** Many Marylanders have or will acquire medical debt. This can lead to lawsuits, wage garnishment, and harassment from debt collectors. CASH will work with our partners to eliminate the burden of medical debt. Check out MCRC's [Medical Debt Freedom Fund](#).
- ***Auto Insurance Reform (Led by the Maryland Consumer Rights Coalition):*** We plan to work with our partners to eliminate non-driving related factors for determining auto insurance rates and establish a low-cost auto insurance program in Maryland.
- ***Fine and Fees Reform (Led by the American Civil Liberties Union, Job Opportunities Task Force, and Maryland Consumer Rights Coalition):*** The suspension of a low-income person's registration or license and/or wage garnishment inhibits their ability to get to and from work, medical appointments, childcare, and contributes to the barriers they have in paying their debt. CASH supports the elimination of driver's license, occupational license, and vehicle registration suspension due to unpaid fines, fees, and taxes.
- ***Paid Family Leave (Lead by MD Family Network):*** Many Marylanders do not have access to paid family leave. This means that they have to choose between the health of themselves or loved ones or financial security. CASH supports Maryland instating a Family and Medical Leave Program.