

## Testimony in Support of LD 104: An Act To Expand the Earned Income Tax Credit in Maine

Senator Chipman, Representative Tipping, and honorable members of the Joint Standing Committee on Taxation, my name is Beth Campbell, and I am the Senior Director of Financial Stability at United Way of Greater Portland (UWGP). I am here today, on behalf of UWGP, to testify in support of expanding the State's Earned Income Tax Credit as provided in bill LD 104.

Thrive2027 is our community's commitment to make Cumberland County stronger for everyone who calls it home. Powered by the community and led by United Way of Greater Portland, 230 business, non-profit, public, and community organizations have endorsed three 10-year goals that promise measurable and meaningful change in Greater Portland. These three goals are to (1) give kids a strong start, (2) empower neighbors to thrive – not just survive, and (3) help us all live longer, better.

More specifically, these three goals are:

- Goal 1: More children have a strong start in school so that they are reading at grade level by the end of third grade.
- Goal 2: More people have the education and employment opportunities they need to be able to live and work in Greater Portland.
- Goal 3: More of our neighbors live longer, healthier lives.

Thrive2027 is not a new program – it is a new way of working. We have been convening players from across sectors, working to identify needs/gaps, and are in the early stages of aligning organizations and resources behind targeted solutions. Expanding the State's Earned Income Tax Credit (EITC) will help achieve these goals; specifically Goal 2.

Goal 2 is about empowering our neighbors to thrive and not just survive. When people have the educational and employment opportunities to become financially stable, they can pay their rent on time and put food on the table. They are also better able to save for emergencies, pay down debt, buy a house, pay for college, and save for retirement. Therefore, we support expanding eligibility to working Mainers who are currently locked out of powerful anti-poverty tools.

The EITC is one of the most important mechanisms to support low- and moderate-income workers; it encourages work and helps families provide basic necessities. State EITCs complement the federal EITC and help reduce poverty. The State EITC is designed to offset state payroll and income taxes, and raise living standards. To claim the credit, a taxpayer must have earnings from a job.

Mainers who worked last year and had income of less than \$54,884 may be eligible for the federal EITC. Eligibility can mean up to a \$6,431 refund for some filers. On average, federal EITC adds \$2,106 to Maine refunds. More than 17,000 families in Cumberland County received the federal EITC.

Creating Assets, Savings, and Hope (CA\$H) Greater Portland is a partnership of community leaders and industry experts empowering individuals and families to achieve long-term financial

stability. CA\$H is a year-round resource for the community, offering free income tax preparation to qualified filers during tax season, and educating hard-working residents about how they can make the most of their money. In 2019, CA\$H Greater Portland's IRS-certified volunteer tax preparers filed 1,044 free federal and state income tax returns, returning \$1,197,877 to our community, including \$305,284 in federal EITC dollars according to preliminary numbers from TaxSlayer, the IRS tax preparation software.

As the Senior Director of Financial Stability, one of my roles is managing the statewide Volunteer Income Tax Assistance (VITA) grant. Its focus is to ensure that we reach rural and low-income Mainers and promote the EITC. Preliminary numbers from the IRS show that 874 individuals served by CA\$H tax sites in Greater Portland received EITC this year.

If you worked and were between the ages of 18-24, however, you are not eligible for this type of tax credit. As a volunteer at CA\$H Greater Portland, I have the opportunity to talk with young people about their financial challenges. They are often working, going to school, and having trouble making ends meet.

LD 104 expands the State's EITC by increasing the credit from 5% to 15% of the federal EITC and extending the credit to workers from 18 to 24 years of age who have no qualifying child. This will reward work, boost our economy, and help young people cover their basic needs.

To pass this bill would ensure that more of our neighbors achieve financial stability and that we live in a more thriving Cumberland County and State of Maine. For these reasons, we respectfully encourage you to support LD 104.

Thank you for your leadership and service.