



## **Senate Bill 473**

### Earned Income Credit Information Act

Senate Budget and Taxation Committee

March 10, 2011

#### **SUPPORT**

Maryland Hunger Solutions (MDHS) was established by *The Food Research and Action Center (FRAC)* in 2007 as a statewide initiative to fight hunger and improve the nutrition, health, and well-being of children and families in Maryland. Ending hunger in our state requires a collaborative effort utilizing various safety net programs and anti-poverty and economic security resources. Senate Bill 473 would simply require employers to provide their employees with information about the Earned Income Credit (EIC). MDHS supports Senate Bill 473 because providing information to Marylanders regarding the EIC, a tool that helps move people to economic self-sufficiency, will help alleviate hunger in Maryland

Though Maryland has the highest median income, many families are going hungry. According to the U.S. Department of Agriculture (USDA), in 2009, 11.1 percent of Maryland households suffered from food insecurity because they could not afford a nutritionally adequate diet.<sup>1</sup> This means that people in these households experienced hunger at some time during the year because of lack of financial and other resources. Due to the economic downturn, an increasing proportion of these households are working families. In addition, using the simple question: “Have there been times in the past twelve months when you did not have enough money to buy food that you and your family needed?” the Food Research and Action Center recently found that 1 in 6 households in Maryland experienced food hardship during 2010.<sup>2</sup> Many factors lead to food insecurity, including cost of living, variation in household income and employment, availability and utilization of food assistance and other safety net programs, location in food deserts and other circumstances creating needs for which households allocate resources. Importantly, food insecurity has long-term negative consequences including: Low birth weight, obesity/related health issues, mental health issues, dental health problems, poor education outcomes, and long-term economic costs.

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<sup>1</sup> “Household Food Security in the United States, 2009,” U.S. Department of Agriculture (2010)

<sup>2</sup> “Food Hardship in America – 2010: Data for the Nation, States, 100 MSAs, and Every Congressional District,” Food Research and Action Center, March 2011.

As a complement to the federal earned income tax credits (EITC), Maryland's EIC has proven to be a vital and effective resource for moving working families in the state towards economic success. Evidence shows that many people use their EITC refunds to make investments that enhance economic security and promote economic opportunity, such as paying off debt and investing in education.<sup>3</sup> Furthermore, extensive studies have shown that EITCs encourage families to obtain jobs and remain employed<sup>4</sup> and stimulate the local economy.<sup>5</sup>

While extensive outreach is done to ensure people are aware of the EIC, unclaimed dollars show a wide gap still exists. According to the Maryland CASH Campaign, Marylanders are leaving more than \$110 million in federal money unclaimed. The Earned Income Credit Information Act is a strong step towards ensuring that struggling Marylanders have more resources and that available dollars are being utilized.

Every day, MDHS sees that far too many working families are struggling to put a nutritious meal on the table. Informing Marylanders of the availability of the EIC will help alleviate hunger and improve the economic security of many hard working Marylanders.

We respectfully request that you vote in **favor of SB 473**. Thank you for the opportunity to provide comments.

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<sup>3,4</sup> "State Earned Income Tax Credits," Center on Budget and Policy Priorities, January 2011.  
<http://www.cbpp.org/cms/index.cfm?fa=view&id=2506>

<sup>5</sup> "Using the Earned Income Tax Credit to Stimulate Local Economies," The Brookings Institution, November 2006. [http://www.brookings.edu/reports/2006/11childrenfamilies\\_berube.aspx](http://www.brookings.edu/reports/2006/11childrenfamilies_berube.aspx)