

Peter Lindsay
North Yarmouth
LD 1544

In Support of LD 1544

Senator Grohoski, Representative Perry, and Members of the Taxation Committee. I am Peter Lindsay and I am testifying in support of LD 1544 An Act to Improve Economic Security for Maine Children by Establishing the Maine Dependent Tax Credit.

While the people across Maine and the country were dealing with the pandemic, a major health crisis affecting everyone and our economy, child poverty rates dropped in both Maine and the nation. During 2021, Maine's child poverty rate dropped dramatically to a low of 5% according to the Supplemental Poverty Measure. This positive development was directly attributed to the Child Tax Credit law implemented by the Federal Government in response to the pandemic and economic challenges facing families.

Research backs the claim that the Child Tax Credit directly caused the drop in poverty rates. A Brookings Institution report concluded, "The 2021 expansion of the Child Tax Credit (CTC) led to a historic reduction in poverty in the United States, particularly for children." The report continues, "Specifically, transfer programs that provide cash and near-cash supports have been shown to promote stronger educational, emotional, and health outcomes (Akee et al. 2018; Hardy 2022; Hardy, Hill, and Romich 2019; Hoynes, Schanzenbach, and Almond 2016; Rothstein and Wozny 2013).

Unfortunately, the Federal Child Tax Credit expired at the end of 2021 and the poverty rate for Maine Children is already climbing again. Without a significant tax credit, we will see the poverty rate for young children climb right back to pre-pandemic levels. In Maine, an estimated 49,000 children are now excluded from receiving the full \$2,000 tax credit because their parents don't earn enough to qualify.

I was excited that one change in federal law could result in such a profound change in the poverty rate for children, and the research attributes this exciting reduction in poverty to this one change in the Child Tax Credit. And yet, we allowed that change to sunset, sending children and families back into poverty - even though we have years of research that show that a child growing up in poverty faces multiple developmental challenges and lower chances of success throughout life.

A report from the US Government's National Center for Biotechnology Information concludes, "On average, a child growing up in a family whose income is below the poverty line experiences worse outcomes than a child from a wealthier family in virtually every dimension, from physical and mental health, to educational attainment and labor market success, to risky behaviors and delinquency."

I strongly urge the Taxation Committee to support this bill which will increase Maine's supports for parents with young children and Mainers with any dependents. We need to reduce poverty and we need to invest in our future workforce, our families and our future economy by reducing the barriers that poverty places in the eyes and lives of children across Maine.

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