



Testimony Before the Joint Standing Committees on Taxation
May 4, 2023

Senator Grohoski, Representative Perry, and distinguished members of the Joint Standing Committees on Taxation,

Good afternoon. My name is Janet Smith, and I am the Executive Director of New Ventures Maine. I live in the town of Industry and I'm here today to speak in support of LD1544, " An Act to Improve Economic Security for Maine Children by Establishing the Maine Dependent Tax Credit".

For this testimony, I am speaking in the capacity of New Ventures' role as the backbone organization for CA\$H Maine, a statewide collaboration of nine coalitions, comprised of 50 non- and for-profit partners, working together to help empower Maine individuals and families to achieve long-term financial stability. Since 2003, CA\$H Maine has offered free tax preparation to qualified filers during tax season and educated families and individuals about programs in the community that can help them meet their financial needs and reach their financial goals.

Because of the increased and expanded federal Child Tax Credit in 2021 we increased our outreach, with the support of our partners, to tax filers eligible for this credit in the 2022 tax season to help ensure these families received the credits they were eligible for. As a result, CA\$H Maine increased the number of returns receiving the CTC by 113% from 240 returns in 2021 to 511 returns in 2022 and increased the amount of money refunded from \$322,303 in 2021 to \$1.32 million in 2022. Because of this outreach, CA\$H Maine also had an 87% increase in the number of returns receiving the EITC, 573 returns in 2021 to 1,072 in 2022, increasing the amount of money refunded from \$1.03 million in 2021 to \$1.55 million in 2022.

CA\$H Maine collects data on challenges and use of refunds from our tax filers each year. Tax filers, including those with children, report being challenged by paying bills, having money for unexpected expenses, keeping their homes warm, and finding affordable housing. Their tax refunds help them to catch up with bills, make long overdue and much needed car and home repairs, fill up their oil tanks, and save some for future bills and expenses.

The Center on Budget and Policy and others have studied the Child Tax Credit and the Earned Income Tax Credit for many years. Their studies have shown that these credits help kids in many ways primarily with higher educational attainment, better health, and higher earnings as adults.

With inflation, rising energy costs, housing and childcare strengthening this credit will help families who are struggling the most to afford what they need. LD 1544 is a policy to help Maine families build economic security.

Thank you in advance for your consideration and support of LD 1544. I am happy to answer any questions.