



# Maine People's Alliance

Senator Grohoski, Representative Cloutier, and Honorable Members of the Joint Standing Committee on Taxation. My name is Cate Blackford. I am the public policy director of the Maine People's Alliance. MPA is Maine's largest community action organization, with 32,000 members from Kittery to Fort Kent. I am here today to share MPA's support of LD 1294, An Act to Expand the Dependent Exemption Tax Credit.

In recent years, Maine has made significant strides in supporting families with young children. We have made the Dependent Exemption tax credit refundable, we have expanded eligibility for child care subsidies, we have made school meals free for everyone, and more. And still, costs keep going up and families are still struggling to afford housing, child care, health care, diapers, new sneakers, new coats, mittens that are always getting lost, and so much more. This legislature understands that burden facing Maine families, especially those with young children, which is why this bill has been brought to you for your consideration.

Expanding the Dependent Exemption Tax Credit will make a huge difference to families with kids under age six who are making tough choices all the time about what to pay for now and what can be put off or done without. Families with young children are hit the hardest with the cost of child care, diapers, and other supplies at a time when parents are typically earning less than they might a few years later. An additional \$300/year per dependent can go a long way towards some of those supplies.

My kids have now aged out of daycare and preschool and I'm in the amazing years of elementary school, when they still like me, don't need me to carry them everywhere, and want to do cool stuff. But I remember vividly the budget discussions we had over how to find good care we could actually afford, gratefully taking hand-me-downs from friends, and doing the midnight online registration to get a spot in the rec department swim lessons. Every bit counts when you have two kids in daycare at the same time.

Economists say the expanded federal CTC during covid had an estimated 1,000% return on investment per year, meaning that it generates \$10 for every dollar spent.<sup>1</sup> When working Mainers have a little extra cash, they spend it on essentials like groceries and school clothes, boosting local economies. I know from experience that it makes a huge difference and can make it feel like you have room to breathe.

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<sup>1</sup> Garfinkel, Irwin, Laurel Sariscsany, Elizabeth Ananat, Sophie M. Collyer, Robert Paul Hartley, Buyi Wang, and Christopher Wimer. 2022. The benefits and costs of a U.S. child allowance. Journal of Benefit-Cost Analysis, 1-28. Doi: 10.1017/bca.2022.15 <https://www.povertycenter.columbia.edu/news-internal/2021/child-allowance/cost-benefit-analysis>



The research backs that up. It's been shown that providing families with low incomes with financial resources can improve children's development, including through increased birth weight, improved school achievement, reductions in juvenile crime and psychiatric disorders, and increased earnings and lower risk of heart attacks and strokes in adulthood.<sup>2</sup>

This bill is revenue neutral, doubling the benefit for lower and middle income families while phasing out the benefit for high income families, where \$300 a year makes less of a difference.

I urge you to support this bill. Thank you for your consideration.

I am happy to take any questions.

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<sup>2</sup>[https://www.cbpp.org/research/income-security/three-reasons-why-providing-cash-to-families-with-children-is-a-sound#\\_ftn2](https://www.cbpp.org/research/income-security/three-reasons-why-providing-cash-to-families-with-children-is-a-sound#_ftn2)