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Testimony on Behalf of Maine Equal Justice *in support of* LD 1544, An Act to Improve Economic Security for Maine Children by Establishing the Maine Dependent Tax Credit

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Good afternoon Senator Grohoski, Representative Perry, and members of the Taxation Committee. My name is Ann Danforth and I use she/her pronouns. I'm a Policy Advocate at Maine Equal Justice, a nonprofit legal aid provider working to increase economic security, opportunity, and equity for people in Maine.

I'm excited to be here today to testify in support of LD 1544 – a bill that would improve our state's Child Tax Credit (CTC) equivalent by fixing a flaw in the credit's design, which leaves out families with low income who need it most, and increasing the credit to \$350.

Maine Equal Justice's work to identify and pursue evidence-based policy solutions that will increase the likelihood that every Maine child has a fair shot at a bright future led us to focus on the CTC. A fully refundable CTC is one of the best tools in our toolbox to achieve this goal. The 2021 expanded federal CTC provided direct relief to low income Mainers who previously had been ineligible for the credit. That expanded federal CTC helped cut Maine's child poverty rate nearly in half. Investing in families with low income through policies like the CTC has been proven to help kids throughout their lives, supporting higher educational attainment, better health, and higher earnings as adults.¹ Economists say every dollar spent on the federal credit has a \$10 return on investment to society because of these long-run benefits.²

While these data make a strong case for the CTC, Maine Equal Justice's experience convening and overseeing outreach, enrollment and advocacy efforts for the enhanced federal CTC and the state \$850 and \$450 relief payments provided first-hand insights into the impact direct cash assistance can have. It

¹ <https://www.cbpp.org/blog/many-states-are-creating-or-expanding-tax-credits-to-help-families-afford-the-basics>

² This is based on an analysis of making the enhanced federal CTC permanent and comparing the cost to generated social benefits: Researchers at the Center on Poverty and Social Policy at Columbia University predict that a permanently expanded credit would cost taxpayers \$97 billion per year but generate "social benefits" with a value of \$929 billion via future earnings and tax contributions, decreased infant mortality and other negative health outcomes, and reductions in child protection and law enforcement involvement.

<https://www.povertycenter.columbia.edu/news-internal/2021/child-allowance/cost-benefit-analysis>

provides families with the flexibility to spend the money on what they need, enabling people to be better parents, buy necessities for their families, pay for child care, pursue educational opportunities, get to work, and much more.

Here are some of the ways parents in Maine used the CTC:

"These payments have helped put food in my kids' bellies on a schedule that I can actually count on." - Jessica, Blue Hill

"Less anxiety about making ends meet means more eye contact with my children when I get home from work. What more could I say?" - Andrea, Farmingdale

"We are going to use this to get full time childcare instead of scrambling to make it work with part time care, which will enable me to work full time and my partner can take the community college classes he needs to advance his career!" - mom from Richmond

"This makes my life a little easier because I am a single mother. This money alleviates stress around paying for my car to get back and forth for work in order to put food in my son's mouth."
- mom from Thomaston

Unfortunately, many of the positive impacts of the CTC have been reversed with the expiration of the enhanced CTC. Maine now has the chance to pick up where Congress left off by improving our state's CTC equivalent, which would provide ongoing targeted tax relief to Maine families who need it most. Maine could join states across the country that are creating or expanding state-level Child Tax Credits, including our New England neighbors in Connecticut, Massachusetts, Rhode Island, and Vermont.

Conclusion

LD 1544 is an opportunity to build on the success of a proven effective policy. It would take a step towards reducing child poverty in Maine, boost the local and state economy, and set families and kids up to thrive in the short and long-term. It's a smart investment with significant rewards for our state's families and economy.

Thank you for the opportunity to testify today in support of this bill. I am happy to answer any questions you might have.