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Testimony on behalf of Maine Equal Justice in support of LD 1294, An Act to Expand the Dependent Exemption Tax Credit

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

Maine Equal Justice has been active at the State House for over 25 years. Our work focuses on many of the issues that affect people's daily lives – access to adequate health care, housing, transportation and childcare; food and income security; and higher education and training. MEJ works in partnership with people living in poverty to organize and advocate together for equitable laws and policies. We also provide education and training throughout the state on programs and policies that directly impact individuals and families living with limited means.

I'm excited to be here today to testify in strong support of LD 1294.

An unacceptably high number of Maine children continue to live in poverty. According to the most recent data available:

- 12.6%, or more than 1 in 8 Maine kids lived in poverty.¹ Child poverty remains notably worse in certain areas of the state, especially in rural areas. In Pisqataquis and Oxford counties for example, the child poverty rate is 19% and 20%, respectively.²
- 16% of Maine children are experiencing food insecurity.³

¹<https://datacenter.aecf.org/data/tables/1562-children-in-poverty#detailed/2/any/false/1095,2048,574,1729,37,871,870,573,869,36/any/11725,3331>

²<https://datacenter.aecf.org/data/tables/1562-children-in-poverty#detailed/5/3284-3299/false/2545,1095,2048,574,1729,37,871,870,573,869/any/11725,3331>

³ Children under age 18 living in households, where in the previous 12 months, there was an uncertainty of having, or an inability to acquire, enough food for all household members because of insufficient money or other resources.

- 26% of Maine children are experiencing housing insecurity.⁴

The impact of Maine's housing crisis, inflation, and other stressors is underscored by a recent survey MEJ conducted, where over half (56%) of the more than 700 people who responded said they could not afford a \$400 emergency.

But now, to the hopeful part – child poverty is not an unsolvable problem. The Child Tax Credit has already been shown to increase the likelihood that children everywhere have a fair shot at a bright future.

When the enhanced federal CTC and state relief payments became available during and after the pandemic, Maine Equal Justice worked with many partners to get the word out to Mainers who might not normally have enough money to file taxes, or who didn't know these benefits were available to their families.

We saw first-hand the powerful impact direct cash assistance can have. It gives families flexibility to spend money on what they need, so they can focus on being with their kids, buying necessities for their families, paying for child care, pursuing educational opportunities, fixing their car to get to work, and much more. Studies back up what we and our clients witnessed first-hand – the 2021 expanded federal CTC temporarily cut Maine's child poverty rate nearly in half.⁵

Many of those positive impacts have been reversed with the expiration of the enhanced federal CTC. But Maine has picked up where Congress left off, by improving our state's CTC equivalent in 2023, making it fully refundable and indexing it to inflation. In LD 1294, we have the chance to continue that progress providing ongoing targeted tax relief to Maine families who need it most. Maine should seize this opportunity to join states across the country, both blue and red states⁶, that are focusing on the promise of state-level child tax credits.

Thank you for your time and I'm happy to answer any questions you may have.

Ann Danforth

<https://datacenter.aecf.org/data/tables/5201-children-living-in-households-that-were-food-insecure-at-some-point-during-the-year?loc=21&loct=2#detailed/2/21/false/2554,2097,1985,1652,1564,1491,1443,1218,1049/any/11674,11675>

⁴ Children under age 18 living in households where housing consumes nearly one-third or more of a family's income. <https://datacenter.aecf.org/data/tables/7244-children-living-in-households-with-a-high-housing-cost-burden#detailed/2/21/false/2545,1095,2048,1729,37,871,870,573,869,36/any/14287,14288>

⁵ <https://www.vox.com/future-perfect/2023/9/21/23882353/child-poverty-expanded-child-tax-credit-census-welfare-inflation-economy-data>

⁶ <https://www.governing.com/finance/red-states-embrace-the-idea-of-child-tax-credits>