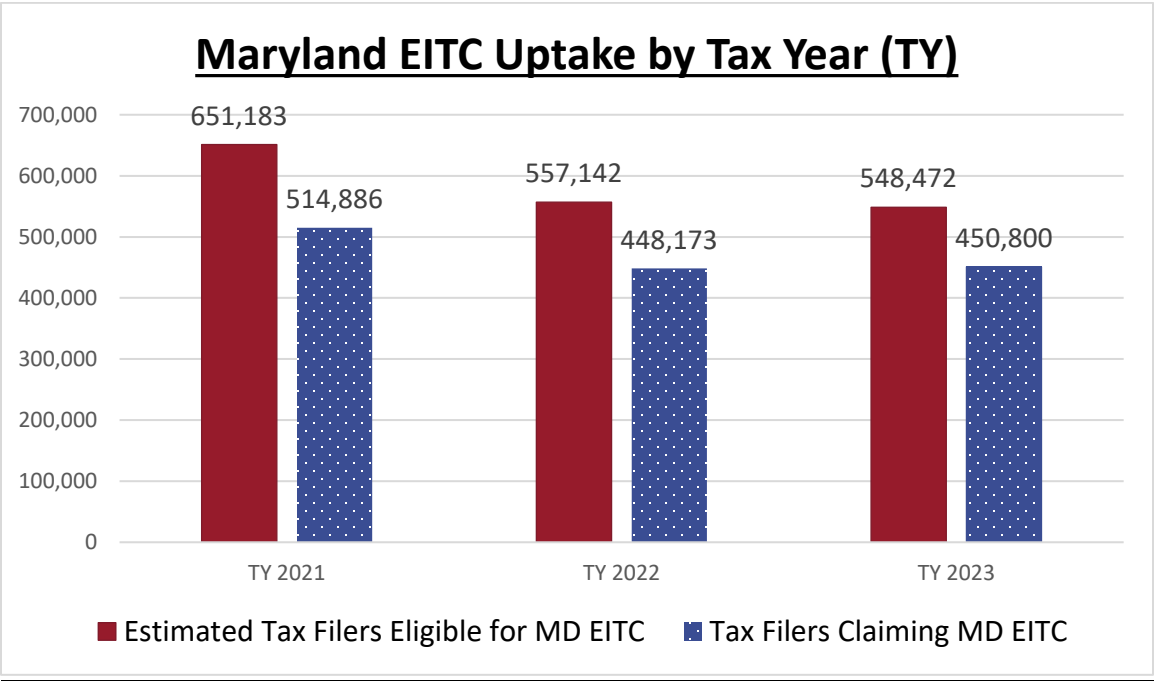


# Reaching Residents, Reducing Poverty

## Maryland’s Commitment to Increasing Tax Credit Access

The Comptroller of Maryland is responsible for administering several state tax credits, including the state’s **Earned Income Tax Credit (EITC)** and **Child Tax Credit (CTC)**. These credits lower tax liabilities or increase tax refunds for individuals and families with low to moderate incomes, increasing economic mobility.



An estimated 97,000 Maryland tax filers were eligible for, but did not claim, the state EITC in TY 2023

Tax Filing Year	% of Eligible Tax Filers Missing MD EITC
TY 2021	20.9%
TY 2022	19.6%
TY 2023	17.8%

## Research Project with The Urban Institute

The Comptroller of Maryland and the Urban Institute are working together to understand who fails to claim the state EITC and why. The project seeks to answer **two key research questions**:

- 1) What are the barriers preventing Maryland residents from accessing state tax benefits?
- 2) What are the most effective outreach, community engagement, and tax filing supports to increase the uptake of tax benefits for eligible Maryland residents?

Research findings will inform how the Office of the Comptroller deploys funding from the Maryland General Assembly and the Governor to run outreach and awareness campaigns that encourage Marylanders to claim state income tax credits that they are eligible for.

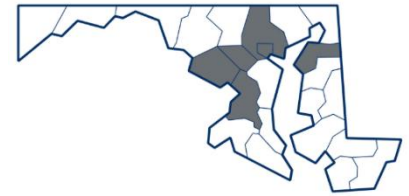
*This project is generously funded by the Annie E. Casey Foundation, T. Rowe Price Foundation, Greater Washington Community Foundation, and the Abell Foundation.*

# Research Methods & Findings

## Data Analysis

The Urban Institute used Maryland administrative tax data and U.S. Census data to determine how many eligible residents don't claim the EITC each year, where they live, and demographic trends. **Findings:**

- 18% - 21% of EITC-eligible Marylander tax filers failed to claim the state tax credit over the past 3 years. This does not account for non-filers who miss state tax credits.
- Most Marylanders missing out on the state's EITC, both in numeric totals and as shares of local populations, live in six counties: Baltimore City, Baltimore, Prince George's, Montgomery, Kent, and Howard.
- These counties are disproportionately home to more people of color, young adults, single parents, non-traditional caretakers, parents with young children, families living in rural areas, and non-citizens.



## Stakeholder Interviews

The Urban Institute met with government & nonprofit leaders engaged in tax outreach or tax filing services across the state to gain their perspective on improving uptake of claiming state tax credits.

### **Findings:**

- Efforts to inform residents about tax benefits must be accompanied by information about how to access effective, free tax filing supports.
- Tax information should be disseminated year-round in partnership with local organizations, trusted messengers, and other government entities.
- In addition to technical skills, tax preparation staff and volunteers must possess strong interpersonal skills to help clients feel more at ease and empowered in the tax filing process.

## Focus Groups

In collaboration with community organizations, the Urban Institute conducted focus groups with EITC-eligible residents in the demographic groups and jurisdictions where Marylanders are most likely to miss the EITC. **Findings:**



- The most common barriers to filing taxes and claiming state credits include not knowing where to access quality, affordable tax prep services; fear of owing money or penalties; and the general complexity of filing a return or an amendment.
- Accessing tax credits is particularly confusing for those who don't meet the minimum filing threshold and would otherwise not file a tax return.
- There is general awareness of the federal EITC and CTC, but limited awareness of the Maryland equivalents. Even those receiving state refunds did not attribute it to these credits.
- Negative experiences with paid tax preparers and/or fraud are common, which fuels distrust in the tax system.
- Communication strategies, channels, and materials need to be multi-modal, multi-lingual, and tailored to specific audiences.