



MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

WILL JAWANDO
COUNCILMEMBER
AT-LARGE

**SB 1040 County Income Tax - Maximum Rate and Authority to Impose
on an Income Bracket Basis**

**Testimony of Councilmember Will Jawando, Montgomery County
Council At-Large**

Position: SUPPORT

Thursday, March 12, 2020

I'm Will Jawando, an At-Large Councilmember from Montgomery County, Maryland's largest jurisdiction, and I am here to testify in support of SB 1040 County Income Tax - Maximum Rate and Authority to Impose on an Income Bracket Basis. I want to thank Sen Rosapepe for introducing this legislation and I thank the committee for giving me the opportunity to provide testimony.

This bill gives counties the authority to increase the ceiling for income taxes from 3.2 percent to 3.5 percent. With this increase and the ability to have a progressive tax structure, we will be able to create a more equitable and fair tax system. This is particularly important as wealth inequality here in Maryland and across the country continues to expand.

A flat tax structure applies the same rate to all earners and is regressive. Meaning, for residents paying county taxes, lower-income earners pay a far greater proportion of their income than wealthier earners. For local economies across Maryland, this regressive tax structure is reducing the ability of potential business owners to manage risk. Lower income and middle-income residents are either struggling to operate small businesses or can only dream about entrepreneurship. This is creating a hole in the middle of our economy where we are unintentionally smothering potential expansion of small and mid-sized businesses.

Progressive tax brackets as proposed in this legislation would give Maryland's counties the opportunity to give those middle and lower-income individuals a tax cut. We can provide real tax relief to that portion of our population that are burdened by an increasingly unfair federal tax code. We can boost the ability of these families to spend money in our economy, or start a new company, which helps everyone.

Imagine what could happen if our wealth gap was not as profoundly deep -- if families down the economic ladder had more cash to spend. If more people could afford housing and have enough money to invest in commercial enterprises. If we could help those on the bottom rungs climb up enough to invent, invest and create, that isn't just good for one person, that is good for everyone and our entire economy.

Local spending should reflect our societal values. Sound fiscal management and the proper and responsible custody of taxpayer money should be and remains a priority for myself and my colleagues in Montgomery County. Let me be clear. Progressive tax rates are both morally- and fiscally-sound policy.

With progressive taxes you can also increase revenues, allowing counties to invest in fixing infrastructure like schools, roads, and transit. It means we can invest in our children, from early childcare and education, to job training and community college. If we want our children to have the best chance of success in our increasingly competitive world, we must do more to prepare them and we must invest in them.

The gap between the wealthiest and everyone else is greater than ever before, shifting the burden on to middle and working-class families. Corporations are paying the smallest share of public taxes in modern history, meaning individuals, and notably middle- and lower-income individuals, are paying the greater overall share of those taxes. That must be addressed. We must rebalance how we collect our tax revenue to proper and responsible formulas and collect a fair and progressive share from those who have benefited the most from our publicly funded schools, roadways, transit centers, research dollars, and other cultural, economic and educational infrastructure.

I urge you to pass Bill 1040 to give Maryland Counties the ability to create a more equitable and fair tax system for all our residents. Thank you.