

MoCo_Elrich_FAV_SB 1040

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Position: FAV



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

March 12, 2020

TO: The Honorable Guy Guzzone
Chair, Budget and Taxation Committee

FROM: Marc Elrich
County Executive

RE: Senate Bill 1040 – *Local Tax Relief for Working Families Act of 2020* – Support

Senate Bill 1040 authorizes an increase in the top local income tax rate from 3.2% to 3.5% after tax year 2021 for individual and joint filers with Maryland taxable income greater than \$500,000 and \$600,000, respectively. The bill also requires counties that increase rates after tax year 2021 to apply those increases on a bracket basis; however, applying lower rates on higher income tax brackets than rates applied to lower income tax brackets is prohibited.

Currently, counties do not have the opportunity to create a progressive local income tax system. By State law, a county is allowed to set one rate, between 1% and 3.2%. That single local rate is applied against a taxpayer's taxable income. The State rates vary and they are applied on a bracket basis. So, as taxable income increases, rates increase, making the State's system progressive. Senate Bill 1040 would allow counties that would like to create greater progressivity in their local income tax structures the ability to do so. For counties whose rates are below the current maximum rate of 3.2%, various options exist to create a more progressive system, including one that could be revenue neutral. However, for counties whose local income tax rates are already at the maximum, creating a more progressive system will result in a loss of revenue unless the current top rate of 3.2% is increased. Senate Bill 1040 addresses that problem by establishing a maximum rate of 3.5%, which may only be applied at very high-income levels.

I support Senate Bill 1040. I view it as an important tool that would allow Montgomery County to introduce greater progressivity in the application of its local income tax – and not as a license to raise taxes and generate new revenue. Progressive systems of taxation have always been a core principal of the Democratic Party. This bill reflects that core value and for that reason, I respectfully request that the Senate Budget and Taxation Committee give Senate Bill 1040 a favorable report.

cc: Members of the Budget and Taxation Committee

Frederick County Executive Jan Gardner_FAV_SB 1040

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Position: FAV



JAN H. GARDNER
Frederick County
Executive

SB 1040
Local Tax Relief for
Working Families Act of 2020

County Position: SUPPORT

Date: March 12, 2020
Committee: Budget & Tax

Frederick County Executive Jan Gardner urges your **SUPPORT** for Senate Bill – 1040 Local Tax Relief for Working Families Act of 2020.

Effective tax policy is central to good government, requiring a careful balance that enables the provision of adequate services without constraining economic activity. Central to governments' ability to craft effective tax policy is the fundamental ability to make decisions as to what taxes to levy, on whom, and in what amounts. Governments must have the authority and flexibility to structure taxes in a way that allows them to move beyond addressing the need for revenue and to consider their effect on individuals, business and issues of fairness.

County Executive Gardner supports the provisions in the proposed legislation that:

- Enables local governments the ability to make basic tax policy decisions – who to tax and at what rate – that are currently available to the State and the Federal government;
- Protects local governance authority and autonomy by enabling local governments to choose the appropriate tax structure – flat or progressive – and tax rates within a capped amount; and
- Provides local governments with the ability and flexibility to structure local taxes with greater equity and fairness.

Frederick County Executive Gardner urges a **FAVORABLE** report for Senate Bill 1040.

Councilmember Will Jawando_FAV_SB 1040

Uploaded by: Jawando, Will

Position: FAV



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.

MD Center on Economic Policy_FAV_SB1040

Uploaded by: Orr, Benjamin

Position: FAV



MARCH 12, 2020

Increasing Local Fiscal Autonomy Will Support Vital County and City Investments

Position Statement in Support of Senate Bill 1040

Given before the Senate Budget and Taxation Committee

All Marylanders depend on an effective state revenue system that can support bedrock investments such as education, health care, and transportation. Just as importantly, effective local revenue systems are vital for the essential services counties, municipalities, and Baltimore City provide. The Maryland Center on Economic Policy supports Senate Bill 1040 because it would expand the range of options available to local policymakers to raise to maintain effective and equitable revenue systems.

Because the state and local governments work together to provide foundational services such as education and public health, local governments face many of the same costs that drive the state's revenue needs. Yet local jurisdictions have much less latitude to set fiscal policy that fits their individual context and needs. Today, the statewide cap on county income tax rates prevents half of Maryland counties (including Baltimore City) from generating additional revenue from this source. Senate Bill 1040 would increase local policymakers' flexibility to match their revenue policies to their residents' needs.

The local income tax is counties' second-most important stream of own-source revenue after the real property tax. It is also the most equitable local revenue source. Because landlords are able to pass property taxes through to tenants in the form of higher rent, property taxes can place disproportionate tax responsibilities on families with low incomes. Families with income below \$24,000 pay a larger share of their income in property taxes than any other income group, while those with annual family income between \$44,000 and \$120,000 face above-average property tax responsibilities.ⁱ Meanwhile, the wealthiest 1 percent of households pay a smaller share of their income in property taxes than any other income group. In contrast, the local income tax help balance local revenue systems by asking more of the individuals with the greatest ability to pay.

Strong evidence tells us that asking the wealthiest individuals to contribute to the services we all rely on is consistent with a vibrant economy:

- The bulk of empirical research finds little link between state tax policy and where people want to live.ⁱⁱ This is consistent with common sense: For most of us, factors like good jobs, affordable housing, great schools, pleasant weather, and being close to relatives are far more important than tax rates.
- Careful research also shows that wealthy individuals relocate less often than other families, and that taxes aren't an economically important driver of where they settle down.ⁱⁱⁱ This, too, is little surprise: Uprooting your life to reduce your tax responsibilities may not be an attractive option if you have invested time and money in a good job, a business, or a comfortable home, or if you are embedded in your community's civic life.

As Marylanders consider the major state and local investments we will need to strengthen the foundations of our economy in future years—from world-class schools to high-quality health care—we should ensure that local policymakers have sufficient flexibility to raise the revenue needed to support high-quality services. This is especially important in light of the above-average education funding responsibilities that may soon face jurisdictions that currently have limited tax policy options. Senate Bill 1040 would strengthen local governments' ability to invest in essential services while making their tax codes more equitable.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Budget and Taxation Committee make a favorable report on Senate Bill 1040.

Equity Impact Analysis: Senate Bill 1040

Bill summary

Senate Bill 1040 enables counties and Baltimore City to levy graduated income taxes and increases the maximum tax rate from 3.2 percent to 3.5 percent.

Equity Implications

Senate Bill 1040 would bring significant equity benefits:

- Expanding local revenue policy options would strengthen local governments' ability to invest in things like world-class schools, reliable transportation infrastructure, and a good quality of life. Investing in these basics strengthens our economy and can dismantle the economic barriers that too often hold back Marylanders of color.
- Today, the wealthiest 1 percent of Maryland households pay a smaller share of their income in state and local taxes than the rest of us do. Senate Bill 1040 would make our tax code more balanced by granting local governments greater latitude to raise revenue in the most equitable manner available to them.
- The Kirwan Commission recommendations have the potential to strengthen economies across Maryland in the coming decades. In the short term, it is important to ensure every county can generate the revenue needed to invest in schools. This has especially great equity implications because the local jurisdictions facing the greatest additional funding responsibilities are also the state's only two majority-Black county equivalents and currently have among the most underfunded public schools in the state.

Impact

Senate Bill 1040 would likely **improve racial and economic equity** in Maryland.

ⁱ Meg Wiehe, Aidan Davis, Carl Davis, Matt Gardner, Lisa Gee, and Dylan Grundman, "Who Pays? A Distributional Analysis of the Tax Systems in All 50 States," Institute on Taxation and Economic Policy, 2018, <https://itep.org/wp-content/uploads/whopays-ITEP-2018.pdf>
Maryland-specific data available at <https://itep.org/whopays/maryland/>

ⁱⁱ Michael Mazerov, "State Taxes Have a Negligible Impact on Americans' Interstate Moves," Center on Budget and Policy Priorities, 2014, <https://www.cbpp.org/research/state-budget-and-tax/state-taxes-have-a-negligible-impact-on-americans-interstate-moves>

ⁱⁱⁱ Cristobal Young, Charles Varner, Ithai Lurie, and Richard Prisinzano, "Millionaire Migration and Taxation of the Elite: Evidence from Administrative Data," *American Sociological Review* 81(3), 2016, <https://web.stanford.edu/~cy10/public/June16ASRFeature.pdf>
See also Cristobal Young, *The Myth of Millionaire Tax Flight: How Place Still Matters for the Rich*, Stanford: Stanford University Press, 2018

County Executive Pittman_FAV_SB1040_Attachment

Uploaded by: Pittman, Steuart

Position: FAV

Anne Arundel County Progressive Income Tax Scenarios -- Tax Year 2017 Data

Scenario #1 - Increase top bracket to 3.2%, all other brackets remain unchanged

	Current Rate				
	Returns		Tax Revenue		
Maryland Adjusted Gross Income	% of Total	Cumulative % of Total	Tax Revenue at Current Rate	% of Total	Cumulative % of Total
\$0 - \$29,999	22.5%		13,869,588	2.6%	
\$30,000 - \$69,999	31.8%	54.3%	68,819,946	13.1%	15.7%
\$70,000 - \$149,999	29.3%	83.6%	154,711,586	29.4%	45.2%
\$150,000 - \$499,999	15.1%	98.7%	192,323,053	36.6%	81.8%
> \$500,000	1.3%	100.0%	95,621,248	18.2%	100.0%
			525,345,421		

Progressive Tax Example				
		Tax Revenue		
Tax Rate	Effective Tax Rate	Tax Revenue at Progressive Rates	% of Total	Cumulative % of Total
2.81%	2.81%	13,869,588	2.6%	
2.81%	2.81%	68,819,946	12.9%	15.6%
2.81%	2.81%	154,711,586	29.1%	44.6%
2.81%	2.81%	192,323,053	36.2%	80.8%
3.20%	2.94%	102,038,665	19.2%	100.0%
		531,762,838		
Revenue Change		6,417,416		

** This analysis assumes all taxpayers will pay the proposed rates regardless of filing status

Scenario #2 - Increase top bracket to 3.2%, Decrease Bottom Bracket to Bring to Revenue Neutral

	Current Rate				
	Returns		Tax Revenue		
Maryland Adjusted Gross Income	% of Total	Cumulative % of Total	Tax Revenue at Current Rate	% of Total	Cumulative % of Total
\$0 - \$29,999	22.5%		13,869,588	2.6%	
\$30,000 - \$69,999	31.8%	54.3%	68,819,946	13.1%	15.7%
\$70,000 - \$149,999	29.3%	83.6%	154,711,586	29.4%	45.2%
\$150,000 - \$499,999	15.1%	98.7%	192,323,053	36.6%	81.8%
> \$500,000	1.3%	100.0%	95,621,248	18.2%	100.0%
			525,345,421		

Progressive Tax Example				
		Tax Revenue		
Tax Rate	Effective Tax Rate	Tax Revenue at Progressive Rates	% of Total	Cumulative % of Total
2.60%	2.60%	12,833,071	2.4%	
2.81%	2.69%	66,527,849	12.7%	15.1%
2.81%	2.76%	152,596,015	29.1%	44.2%
2.81%	2.79%	191,232,743	36.4%	80.6%
3.20%	2.93%	101,946,401	19.4%	100.0%
		525,136,079		
Revenue Change		(209,343)		

* This analysis assumes all taxpayers will pay the proposed rates regardless of filing status

** Tax reduction to all but top bracket

Scenario #3 - Progressive Tax Brackets, Top Bracket 3.2%, Revenue Neutral

Current Rate						Progressive Tax Example					
Maryland Adjusted Gross Income	Returns		Tax Revenue			Tax Rate	Effective Tax Rate	Tax Revenue			
	% of Total	Cumulative % of Total	Tax Revenue at Current Rate	% of Total	Cumulative % of Total			Tax Revenue at Progressive Rates	% of Total	Cumulative % of Total	
\$0 - \$29,999	22.5%		13,869,588	2.6%		2.65%	2.65%	13,079,860	2.5%		
\$30,000 - \$69,999	31.8%	54.3%	68,819,946	13.1%	15.7%	2.70%	2.67%	66,100,902	12.6%	15.1%	
\$70,000 - \$149,999	29.3%	83.6%	154,711,586	29.4%	45.2%	2.81%	2.71%	149,405,867	28.4%	43.5%	
\$150,000 - \$499,999	15.1%	98.7%	192,323,053	36.6%	81.8%	3.10%	2.76%	191,870,815	36.5%	80.0%	
> \$500,000	1.3%	100.0%	95,621,248	18.2%	100.0%	3.20%	3.04%	105,417,266	20.0%	100.0%	
			525,345,421							525,874,711	
Revenue Change								529,290			

* This analysis assumes all taxpayers will pay the proposed rates regardless of filing status
 ** Tax reduction to taxpayer with AGI < \$299,999

Scenario #4 - Progressive Tax Brackets, Top Bracket 3.0%, Revenue Neutral

Current Rate						Progressive Tax Example					
Maryland Adjusted Gross Income	Returns		Tax Revenue			Tax Rate	Effective Tax Rate	Tax Revenue			
	% of Total	Cumulative % of Total	Tax Revenue at Current Rate	% of Total	Cumulative % of Total			Tax Revenue at Progressive Rates	% of Total	Cumulative % of Total	
\$0 - \$29,999	22.5%		13,869,588	2.6%		2.65%	2.65%	13,079,860	2.5%		
\$30,000 - \$69,999	31.8%	54.3%	68,819,946	13.1%	15.7%	2.81%	2.72%	67,073,586	12.8%	15.3%	
\$70,000 - \$149,999	29.3%	83.6%	154,711,586	29.4%	45.2%	2.81%	2.77%	153,099,722	29.1%	44.4%	
\$150,000 - \$499,999	15.1%	98.7%	192,323,053	36.6%	81.8%	2.90%	2.79%	192,200,607	36.6%	81.0%	
> \$500,000	1.3%	100.0%	95,621,248	18.2%	100.0%	3.00%	2.90%	99,797,729	19.0%	100.0%	
			525,345,421							525,251,504	
Revenue Change								(93,918)			

* This analysis assumes all taxpayers will pay the proposed rates regardless of filing status
 ** Tax reduction to taxpayer with AGI < \$249,999

Progressive Income Tax Examples -- AA County Scenario #3

Progressive Income Tax Example -- \$150,000 Taxable Income

Tax Bracket	Income Subject		Tax Paid	Effective Tax Rate
	to Tax	Tax Rate		
\$0 - \$29,999	29,999	2.65%	795	
\$30,000 - \$69,999	40,000	2.70%	1,080	
\$70,000 - \$149,999	80,000	2.81%	2,248	
\$150,000 - \$499,999	1	3.10%	0.03	
Total	150,000		4,123	2.75%

* Only income above the start of tax bracket is taxed at that rate

Progressive Income Tax Example -- \$175,000 Taxable Income

Tax Bracket	Income Subject		Tax Paid	Effective Tax Rate
	to Tax	Tax Rate		
\$0 - \$29,999	29,999	2.65%	795	
\$30,000 - \$69,999	40,000	2.70%	1,080	
\$70,000 - \$149,999	80,000	2.81%	2,248	
\$150,000 - \$499,999	25,001	3.10%	775	
Total	175,000		4,898	2.80%

* Only income above the start of tax bracket is taxed at that rate

Progressive Income Tax Example -- \$750,000 Taxable Income

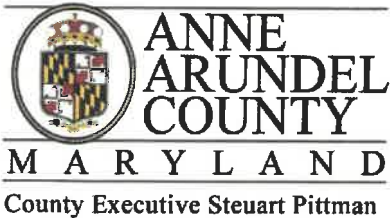
Tax Bracket	Income Subject		Tax Paid	Effective Tax Rate
	to Tax	Tax Rate		
\$0 - \$29,999	29,999	2.65%	795	
\$30,000 - \$69,999	40,000	2.70%	1,080	
\$70,000 - \$149,999	80,000	2.81%	2,248	
\$150,000 - \$499,999	350,000	3.10%	10,850	
> \$500,000	250,001	3.20%	8,000	
Total	750,000		22,973	3.06%

* Only income above the start of tax bracket is taxed at that rate

County Executive Steuart Pittman_FAV_SB 1040

Uploaded by: Pittman, Steuart

Position: FAV



March 12, 2020

Senate Bill 1040

**Local Tax Relief for Working
Families Act of 2020**

Senate Budget & Taxation Committee

Position: FAVORABLE

This bill is enabling legislation to allow local governing bodies to set local income taxes on a progressive bracket structure rather than the flat rate that exists under current law. The bill would also allow a county to raise the maximum local income tax rate for high income earners (filers whose Maryland Net Taxable Income is twice the minimum level of the states highest bracket) from 3.2 percent to 3.5 percent. This would only affect those making more than \$500,000 a year.

In the richest state in the richest country in the world, a bus driver should not pay the same local tax rate as a billionaire. This is not a controversial view - federal and state tax rates are progressive and have various brackets determined by income. According to the recent Goucher Poll, nearly three-quarters of Marylanders think higher earners should pay a higher rate. However, local income tax rates are currently required to be the same for everyone, regardless of income. SB 1040 gives local governments the same ability the state and federal governments already have to set their income tax rates on a progressive bracket basis. It also allows counties the freedom to choose whether or not to switch to a bracket structure or to retain their current local income tax structure.

In 2019, Anne Arundel County made the tough decision to raise our local income tax rate to pay for much-needed investments in education, public safety and infrastructure. Unfortunately, because counties are required to apply a single rate for all filers, there was no way to protect low income earners or the middle class. SB 1040 allows counties to work with the Office of the Comptroller to implement local income tax brackets in a revenue neutral manner. Counties could therefore cut taxes for working and middle class families while increasing the rate on the higher income earners who have received relief from recent federal tax policy. In Anne Arundel County, those who make more than \$500,000 represent the top 1.3% of filers and have an average Maryland Net Taxable Income of over \$1 million per year.

I urge a **FAVORABLE** report on Senate Bill 1040.

Stuart Pittman
County Executive

Peter Baron, Government Affairs Officer

Phone: 443.685.5198

Email: exbaro99@aacounty.org

MSEA_FAV_SB1040

Uploaded by: zwerling, samantha

Position: FAV

**Testimony in Support of Senate Bill 1040
Local Tax Relief for Working Families Act of 2020**

**Senate Budget & Taxation Committee
March 12, 2020**

**Samantha Zwerling
Government Relations**

The Maryland State Education Association supports Senate Bill 1040, which gives counties the authority to create a progressive structure in the local income tax. The bill allows counties to create brackets and increase the top rate to 3.5% from 3.2%. The bill could help local governments create a fairer tax structure and raise needed revenue to implement the new school funding formula our students and schools need.

MSEA represents 75,000 educators and school employees who work in Maryland's public schools, teaching and preparing our 896,837 students for the careers and jobs of the future. MSEA also represents 39 local affiliates in every county across the state of Maryland, and our parent affiliate is the 3 million-member National Education Association (NEA).

Senate Bill 1040 gives counties additional flexibility to set taxing policy that works for their constituents and gives counties another tool to help fund local priorities like public education. This bill is simply enabling legislation that gives local leaders one more tool when crafting local tax policy.

MSEA supports passage of an adequate, sustainable, predictable revenue stream that will adequately fund both the operating and construction costs of our public schools. A great public school for every child means our students have updated technology, small manageable classes, safe and modern schools, proper healthcare and nutrition, and have highly qualified and highly effective educators. The work of the Commission on Innovation and Excellence in Education (Kirwan Commission) further recommends improvements to access to Pre-K and Career Technology Education, as well as expansion of the educator workforce and increased salaries to help deliver individualized instruction and recruit and retain the best workforce in the country.

The Kirwan Commission has determined that the state and county governments will need to invest substantially more resources into education for our citizens become truly successful in the very competitive national and global economies. Senate Bill 1040 is part of that funding solution.

MSEA urges a favorable report of Senate Bill 1040.

MoCo_Katz_UNF_SB 1040

Uploaded by: Katz, Sidney

Position: UNF



MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

March 12, 2020

TO: The Honorable Guy Guzzone
Chair, Budget and Taxation Committee

FROM: Sidney Katz
President

RE: Senate Bill 1040 – *Local Tax Relief for Working Families Act of 2020* – Oppose

Senate Bill 1040 authorizes an increase in the top local income tax rate from 3.2% to 3.5% after tax year 2021 for individual and joint filers with Maryland taxable income greater than \$500,000 and \$600,000, respectively. The bill also requires counties that increase rates after tax year 2021 to apply those increases on a bracket basis; however, applying lower rates on higher income tax brackets than rates applied to lower income tax brackets is prohibited.

Although the bill allows each county to make its own decision about restructuring its local income tax system, the Montgomery County Council opposes this bill because it makes a fundamental change to local taxing authority in isolation. Major changes to State law governing local tax structures should only be considered in the context of a comprehensive evaluation of State and local government taxing authority and related policy matters. This bill also contributes to the perception that the State and County are not business friendly and conflicts with the County's goals for economic development and expanding the County's tax base.

For these reasons, the Council respectfully requests that the Senate Budget and Taxation Committee give Senate Bill 1040 an unfavorable report.

cc: Members of the Budget and Taxation Committee

SB 1040_OPP_MCCC_Swanson

Uploaded by: Swanson, VP Gov Relations, Tricia

Position: UNF



To Lead, Advocate and Connect as the Voice of Business

Senate Bill 1040 – Local Tax Relief for Working Families Act of 2020

Budget and Taxation Committee

March 12, 2020

OPPOSE

The Montgomery County Chamber of Commerce (MCCC), as the voice of Montgomery County business, **opposes Senate Bill 1040**. This legislation would give a county flexibility to set different income tax rates based on reported income in the County. In addition, it increases the maximum income tax rate allowed by the County to 3.5%. Currently, the County's income tax rate is capped at 3.2% and is applied evenly to all taxpayers.

On February 13th, a group of nine business organizations from Montgomery and Prince George's County sent a letter to the Chairs of the Budget and Tax and Ways and Means Committee expressing strong concerns over the multitude of proposed tax increases. The success of the Kirwan Commission is tied to a strong tax base and a competitive economy that can steadily fund these policies into the future. To grow our tax base, our government should continue to invest in filling our unmet housing needs and a diversified and accessible transportation system across the state.

The Chamber strongly supports the proposal to create a commission to analyze and make recommendations as to how to make Maryland's tax structure more business-friendly and economically competitive. This more comprehensive and strategic approach should be adopted, rather than a series of tax "one-offs" with little understood consequences.

While this bill only is authorizing and not prescribing, the Chamber has concerns about allowing jurisdictions these flexibilities prior to an analysis of Maryland's current tax structure. For the aforementioned reasons, **the Chamber opposes Senate Bill 1040 and respectfully urges an unfavorable report.**

The Montgomery County Chamber of Commerce (MCCC) accelerates the success of our nearly 500 members by advocating for increased business opportunities, strategic investment in infrastructure, and balanced tax reform to advance Metro Maryland as a regional, national, and global location for business success. Established in 1959, MCCC is an independent non-profit membership organization and is proud to be a Montgomery County Green Certified Business.