



MARYLAND STATE & D.C. AFL-CIO

AFFILIATED WITH NATIONAL AFL-CIO

7 School Street • Annapolis, Maryland 21401-2096

Balto. (410) 269-1940 • Fax (410) 280-2956

President
Donna S. Edwards

Secretary-Treasurer
Gerald W. Jackson

HB 222 – Income Tax Rates – Capital Gains Income
House Ways and Means Committee
February 12, 2020

SUPPORT

Donna S. Edwards
President
Maryland State and DC AFL-CIO

Madam Chair and members of the Committee, thank you for the opportunity to provide testimony in support of HB 222 – Income Tax Rates – Capital Gains Income. My name is Donna S. Edwards, and I am the President of the Maryland State and DC AFL-CIO. On behalf of the 340,000 union members in the state of Maryland, I offer the following comments.

All wealth is built on labor. Every product that you buy, or service for which you contract, requires labor to produce it. Therefore, capital is only possible with the hard work of the men and women who create it. However, capital gains income is taxed lower, at the Federal level, than income earned through the work that actually created those gains. The wealthiest Americans make their money by investing money, and receive a lower tax burden than those of us who create that wealth for them.

HB 222 adds a 1% surtax on capital gains income for State taxes. This would increase based on income level, from 2% to 3% at the lowest end, up to 6.75% (from 5.75%) for income greater than \$250,000 (\$300,000 if filing jointly). Considering that capital gains income is taxed at nearly half of working income at the Federal level, a 1% surtax at the State level is a very modest tax increase for the wealthiest among us, but, according to the Fiscal and Policy Note, will increase state revenues between \$120 million to \$151 million, annually.

Asking those who build their wealth on investing money to pay a 1% surtax on capital gains income is more than reasonable, and will greatly benefit Maryland.

We urge a favorable report on HB 222.