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Ways and Means Committee
Education Subcommittee

House Chair
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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

HB 1190- Individual Income Tax- Rates and Rate Brackets- Alterations
Hearing: March 5, 2020

Chairwoman Kaiser, Vice Chair Alonzo, and Members of the Ways and Means Committee, House Bill 1190 alters the personal income tax brackets by establishing new brackets and increasing current rates in the top income taxpayers. This new rate increases from the current 5.75% to 7.00%.

Exhibit 1 shows the State income tax rates under current law.

Exhibit 2 shows the State income tax rates proposed by the bill beginning in tax year 2021.

Exhibit 1			
Maryland State Income Tax Rates- CURRENT			
Single, Dependent Filer, Married Filing Separate Rate	Maryland Taxable Income	Rate	Joint, Head of Household, Widower Maryland Taxable Income
2.00%	\$1-\$1,000	2.00%	\$1-\$1,000
3.00%	\$1,001-\$2,000	3.00%	\$1,001-\$2,000
4.00%	\$2,001-\$3,000	4.00%	\$2,001-\$3,000
4.75%	\$3,001-\$100,000	4.75%	\$3,001-\$150,000
5.00%	\$100,001-\$125,000	5.00%	\$150,001-\$175,000
5.25%	\$125,001-\$150,000	5.25%	\$175,001-\$225,000
5.50%	\$150,001-\$250,000	5.50%	\$225,001-\$300,000
5.75%	Excess of \$250,000	5.75%	Excess of \$300,000

Exhibit 2			
Maryland State Income Tax Rates- PROPOSED			
Single, Dependent Filer, Married Filing Separate Rate	Maryland Taxable Income	Rate	Joint, Head of Household, Widower Maryland Taxable Income
3.00%	\$1-\$3,000	3.00%	\$1-\$4,500
3.50%	\$3,001-\$6,000	3.50%	\$4,501-\$9,000
4.00%	\$6,001-\$12,000	4.00%	\$9,001-\$18,000
4.50%	\$12,001-\$24,000	4.50%	\$18,001-\$36,000
5.00%	\$24,001-\$48,000	5.00%	\$36,001-\$72,000
5.50%	\$48,001-\$96,000	5.50%	\$72,001-\$144,000
5.75%	\$96,001-\$192,000	6.00%	\$144,001-\$288,000
6.50%	\$192,001-\$1,000,000	6.50%	\$288,001-\$1,000,000
7.00%	Excess of \$1,000,000	7.00%	Excess of \$1,000,000

The bill will generally lower tax liabilities for lower-income taxpayers and increase tax liabilities for higher-income taxpayers. As a result, general fund revenues will increase by a net of \$284.2 million in fiscal 2021, which reflects the impact of about one-half of tax year 2021. If we were to only restore the millionaire rate at 7% we would increase revenues by an estimated \$81 million annually.

This bill makes our income tax system fairer and will yield revenues needed to give the working and middle class access to higher quality public schools.

I urge the committee to give a favorable report to HB1190.

Sincerely,

Delegate Stephanie Smith