



To Lead, Advocate and Connect as the Voice of Business

House Bill 435 - State Individual Income Tax – Millionaires' Tax

Ways and Means Committee

February 4, 2021

OPPOSE

The Montgomery County Chamber of Commerce (MCCC), as the voice of Montgomery County business, opposes House Bill 435 which would increase the State income tax rate for an individual to 7% of Maryland taxable income in excess of \$1,000,000.

The best way the State can support the current, but extremely delicate, economic recovery is to foster growth in economic development. When a State can attract corporate headquarters, it increases corporate income tax, sales tax, and commercial property tax revenues, in addition to individual income taxes, philanthropic dollars, and residential property taxes. In talking with site selection professionals, there is no doubt that individual income tax structures play a significant role in where CEOs choose to locate their companies. When the legislature enacted the millionaires' tax in 2008, it was done with the assurance that it would be in place for only three tax years. During these three tax years, many local jurisdictions saw a steep decline in income tax revenues based on a variety of factors including both the new tax burden and the serious economic downturn.

Our neighboring state of Virginia has consistently been able to attract business investment dollars because of an aggressive approach that focuses tax and regulatory decisions through a business lens. By doing this, they have created a stable and predictable tax environment where business thrives and the state also benefits.

In addition, by placing such an emphasis on a very small percentage of Maryland residents with the most choices and flexibility about where they work and where they locate their primary residence, the State's heavy reliance on the income tax becomes an even greater vulnerability because of the volatility in this highest tax bracket.

Any legislative attempts to re-establish the millionaires' tax surcharge harms Maryland's ability to attract top talent and further exacerbates Maryland's perceived reputation as a state with a high tax burden and anti-business tax structure. For the aforementioned reasons, **the Chamber opposes House Bill 435 and respectfully urges an unfavorable report.**

The Montgomery County Chamber of Commerce (MCCC) accelerates the success of our nearly 400 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.