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Testimony  
HB268 Maryland Estate Tax – Unified Credit  
Ways & Means Committee  
February 9th, 2023  
Support

AFSCME Council 3 which representing 30,000 state and Higher Education employees supports HB 268. HB 268 would return the exemption for Maryland's estate tax back to \$1 million, its value before a lawmakers exempted the majority of multimillionaires in 2014.

The General Assembly in 2014 increased the estate tax exemption from \$1 million to over \$5 million, handing a windfall to a small number of ultra-wealthy heirs and making it harder for the state to invest in essential services. This choice reduced the number of estates subject to the estate tax from about 3 percent to less than 1 percent.

Maryland's estate tax is an important part of our tax code, generating more than \$100 million per year to support our investments in state services, education, health care, and other pillars of our economy. It also plays an important balancing role. Overall, Maryland's tax code is upside-down giving the wealthiest 1 percent of households pay a smaller share of their income in state and local taxes than the rest of us do. The estate tax pushes back on this lopsided structure because it applies only to the wealthiest individuals and is one of the only ways the state taxes accumulated wealth.

By reversing this damage, it would make our tax code more equitable and raising about \$600 million over five years. Fixing our estate tax is especially important because of its role in making our tax code more racially equitable, because it applies only to households with significant built-up assets. Nationwide, the wealthiest 10 percent of white households controlled nearly two-thirds of all household wealth, while households of color were less than half as likely as white households to have more than \$1 million in net worth.

Having an effective revenue system is an essential tool to enable Maryland to address the pressing issues facing our state such as shortage in staffing within state agencies, making state buildings safe from mold, education, and transportation. Just as importantly, a fair tax system is essential to push back against the increasing concentration of wealth and power in a few hands. All Marylanders benefit when we have sufficient resources to invest in its citizens.

For these reasons, we urge you to a favorable report on HB 268.

