



# MARYLAND STATE & D.C. AFL-CIO

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**HB 1007 - Fair Share for Maryland Act of 2024**  
**House Ways and Means Committee**  
**February 22, 2024**

**SUPPORT**

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

Madame Chair and members of the Committee, thank you for the opportunity to provide testimony in support of HB 1007. My name is Donna S. Edwards, and I am the President of the Maryland State and DC AFL-CIO. On behalf of the 300,000 union members in the state of Maryland, I offer the following comments.

HB 1007 reforms our state's unfair tax system and raises \$1.6 billion in additional revenue by closing corporate tax loopholes by implementing combined reporting and the throwback rule, ending the LLC loophole while still protecting small businesses, adding a new 7% state income tax bracket for millionaires, taxing capital gains with a 1% surtax, and removing the 2014 exemption on estate taxes for multi-millionaires. These changes would bring in an additional \$1.981 billion in new revenue, but the bill is paired with a strong expansion of the Child Tax Credit to \$750 per young child and \$500 per older children. These proposals combine to raise substantial and sorely needed revenue, while making the state's tax system more equitable for working families and small businesses located in Maryland.

Our state needs additional revenue. State government is still short staffed, undercompensated, and overworked. Estimates provided to the legislature in 2023 assumed nearly 10,000 positions that needed to be filled.<sup>1</sup> Fully hiring to fill the state government will take money and resources. This does not even consider the fact that wages for state workers have lagged behind inflation by 14% since 2010. The Blueprint for Maryland's Future requires \$3.8 billion in education spending each year for 10 years in order to meet its requirements.<sup>2</sup> Maryland's Transportation Trust Fund predicts a shortfall of \$2.1 billion over the course of its five year consolidated transportation program. This gap is unlikely to be closed with tweaks to vehicle registration fees and changes to gas tax collection. Maryland has a structural revenue problem that needs to be met with a comprehensive and fair proposal.

HB 1007 prioritizes raising revenue from those that can afford it most and expands programs for those that need them most. Research from the Institute on Taxation and Economic Policy, found that the Fair Share Plan cuts taxes for more than 1 million Marylanders while still raising revenue. For families with household incomes between \$0 and \$106k per year they see their state taxes decrease. For families

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<sup>1</sup> Bryan P. Sears, "...Vacant State Government Positions..." Maryland Matters. November 13, 2023.

<sup>2</sup> Maryland State Department of Education. "What Is The Blueprint for Maryland's Future."

earning more than \$106k and \$340k per year they see no net changes to their state tax share. For earners making more than \$340k per year, their net taxes as percent of income increase by 0.1%. For those earning more than \$772k, their net taxes as percent of income increase by 0.7%.

The Fair Share Plan is not only essential, but has popular support. Polling conducted in October 2023 by Hart Research Associates among registered voters found that:

- 70 percent of respondents support tax cuts for middle-income and low-income Maryland working families.
- 77 percent support creating a slightly higher tax bracket on the income of millionaires, including 54 percent who strongly favor it.
- 83 percent support expanding the state's child tax credit to reach more low- and moderate-income families with incomes less than \$100K.
- 71 percent support closing the loophole that allows large businesses operating as LLCs and other types of partnerships to become exempt from federal or state corporate income taxes.
- Poll respondents strongly embrace "making sure there is enough revenue to fund public education," with 77 percent saying it is important or very important.

Maryland needs the Fair Share Plan. Waiting on important funding and revenue questions until the crisis is here is not an option. We urge a favorable report on HB 1007.