Maryland House Ways and Means Committee:

I am against House Bill 1515. I am a registered Maryland democrat that lives in Severna Park. I vote very strongly democratic for national office but I consider myself an independent voter for state and local office. I am a fiscal moderate and am very much against the extreme history of never ending tax hikes generated by the excessive state spending passed into law by the Maryland Democratic Party. In my opinion, Maryland has a chronic over spending problem. Maryland needs to become more tax competitive relative to it neighbors and I believe it should be an important goal for Maryland going forward. I believe HB 1515 needs to be made revenue neutral. The bill as written will raise the average personal sales tax rate and Maryland will become even a less competitive tax state and tax payers especially mobile tax payers will continue to leave the state. Maryland is already a high tax state for middle class taxpayers ranking sixth highest according to Kiplinger based on percentage of median income spent on state and local taxes from all tax sources 10 Least Tax-Friendly States for Middle-Class Families . The high relative tax burden as over time have caused on net Marylanders to emigrate from the state.

Key points from the United Van Line Movers Survey

*For those entering of leaving Maryland By a 52 to 48 percent margin Marylanders are moving from Maryland

*The numbers are especially negative for retires and higher income residents. Maryland is doing much worse than its adjacent neighbors in this department. It is not just a desire to move South by Maryland retirees.

Maryland 19 percent net deficit for those entering or leaving Maryland primarily for retirement
Virginia 4 percent deficit

10 Least Tax-Friendly States for Middle-Class Families

Here’s what living in one of the least tax-friendly states for middle-class families costs residents.

Delaware 19 percent surplus
Pennsylvania 5 percent deficit
South Carolina 18 percent surplus

*For upper middle household income earners ($100- 149.999K) and high household income (150K and above household earners) Maryland had outbound deficits of 7.3 and 3.6 percent respectively.

*Maryland must reduce the cost of Maryland Blue Print for Education and lengthen its Implementation period. The overwhelming driver of projected long-term spending increases is the Maryland Blue Print for Education Bill passed in 2022. These very large mandated spending increases must be paid for by basically sharply higher taxes in most tax areas, reduced spending in other areas, not reducing taxes in needed area areas to improve tax fairness and tax efficiency, or in the short-term drawing down existing state budget surpluses or the rainy day fund.

I strongly believe the its $38 billion over ten years price tag must be reduced. In a wealthy state such as Maryland, students deserve good to very good schools and need to be strongly encouraged to take advantage of it. Personal effort and determination are major factors in one's success in any field of endeavor. I believe counseling should be made available for student's not succeeding to improve their effort and performance. This can be especially helpful where parental support for educational learning is lacking.

However as it for virtually all spending beyond a certain point, diminishing returns exist where the benefits are significantly less than the costs with the opportunity costs rising in the forms of higher taxes and less funding availability for other projects. Numerous independent groups have called out the Maryland Blue Print for Education as being far too expensive, fiscally irresponsible, and lacking oversight. Anne Arundel County real estate taxes were raised 5 percent in 2023 and we all know the over whelming reason why. Counties are already telling the Maryland government that they do not have the money to pay for it.

Please show pragmatism and lower the cost of the Maryland Blue Print for Education. Many current Maryland retirees would prefer to spend our retirement years in Maryland as we are familiar with the state and its amenities as well as areas needing some improvement. Maryland is a relatively expensive state to live in to begin with and Maryland tax costs need to be competitive for Maryland to keep most of its retirees. Maryland over the last 30 years as shown little overall adjustment of its tax code to inflation thus raising the tax burden for Marylanders. For example, in May 2012 a special session of the Maryland General Assembly raised income tax rates and lowered the personal exemption as federal adjusted gross income rose. No adjustments have been made to tax rates or the personal exemption amount since its implication while the chained weighted CPI has risen 29 percent over the 2012-2023 period thus raising the real tax burden for Marylanders significantly. Tax burdens were also raised as more tax payers in 2018 and after chose to take the standard deduction on their federal tax returns and thus were not eligible to itemize on their Maryland tax returns and the standard deduction, and personal exemption rates and most other deductions in Maryland remain relatively low.

Sincerely,

Paul Sundell
606 Old County Road
Severna Park Md. 21146
410-544-3188