May 28, 2021

The Honorable Bill Ferguson
President of the Maryland Senate
H–107 State House
Annapolis, MD 21401

The Honorable Adrienne A. Jones
Speaker of the Maryland House of Delegates
H–101 State House
Annapolis, MD 21401

Dear Mr. President and Madam Speaker:

The COVID–19 pandemic has placed unprecedented and enormous fiscal strains on Maryland families and businesses. As we begin our road to recovery, it would be unconscionable to raise taxes on our citizens and job creators at this critical time. To do so would further add to the very heavy burden that our citizens are already facing and short–circuit Maryland's economic recovery. For these reasons, and in accordance with Article II, Section 17 of the Maryland Constitution, I have vetoed Senate Bill 133/House Bill 319 – *Local Tax Relief for Working Families Act of 2021,* House Bill 933 – *Anne Arundel County – Transfer Tax – Housing Trust Special Revenue Fund*, and House Bill 1209 – *Sales and Use Tax – Peer–to–Peer Car Sharing – Alterations.*

We came together this session to pass the RELIEF Act, providing over $1.45 billion to struggling Marylanders and businesses with immediate and targeted tax cuts and financial relief, representing the largest tax cut in Maryland history. Unfortunately, the General Assembly dismissed additional opportunities to provide much–needed tax relief, particularly for Maryland's retirees. Instead, legislators pursued these misguided tax increases.

The most troubling aspect of Senate Bill 133 and House Bill 319 – *Local Tax Relief for Working Families Act of 2021* is that it masquerades as tax relief, when in reality there is no requirement for counties that implement a bracketed tax system to actually cut taxes. Instead, certain counties could keep their current rate as the new lowest rate and establish higher rates for higher–income residents, resulting in tax increases on one group of filers without providing any actual tax relief for the majority of taxpayers. In addition, this legislation raises the minimum floor that jurisdictions can set their local income taxes from 1% to 2.25%.

House Bill 933 – *Anne Arundel County – Transfer Tax – Housing Trust Special Revenue Fund* represents another tax that will be placed on the citizens of Anne Arundel County by granting the County the authority to increase the transfer tax on residential and commercial properties sold in Anne Arundel County. The most destructive aspect of this legislation is that it set no cap on how high the transfer tax could be set, which means if the imposed tax is high enough it could potentially destroy the affordable housing market by making it impossible to price new units low enough.

Lastly, House Bill 1209 – *Sales and Use Tax – Peer–to–Peer Car Sharing – Alterations* represents another tax that will be placed on the citizens of Maryland by repealing the 2021 termination date for the 8% sales and use tax imposed on peer–to–peer car sharing. In addition, this bill establishes a new sales and use tax rate 11.5% of the taxable price if the vehicle is a passenger vehicle or motorcycle that is part of a fleet of vehicles. This tax puts additional strain on the small businesses that operate under the peer–to–peer car sharing model.

Now more than ever, we cannot raise taxes and fees on struggling Marylanders. Instead, we should be making sure Marylanders can keep more of their hard–earned money in their pockets.

Sincerely,

Lawrence J. Hogan, Jr.
Governor