

February 12, 2020

The Honorable Anne R. Kaiser
Chair, House Ways and Means Committee
House Office Building, Room 131
6 Bladen Street
Annapolis, MD 21401

RE: Opposition of House Bill 222 (Income Tax Rates - Capital Gains Income)

Dear Chairwoman Kaiser:

The Maryland Building Industry Association (MBIA), representing 100,000 employees of the building industry across the State of Maryland, opposes House Bill 222 (Income Tax Rates - Capital Gains Income).

This measure would increase the individual income tax rate on net capital gains by 1%. The current tax structure allows capital gains to be deferred or excluded, which frees up financial resources for the businesses to quickly reinvest in new projects. Communities are strengthened with consistent investment, and the current structure helps businesses have the financial flexibility they need to help with that process.

Increasing the tax on capital gains increases the cost of development and removes financial flexibility, which would make a significant difference to the bottom line of corporations throughout the State, including small businesses, and slow crucial development and redevelopment. The housing industry is already heavily taxed on both the State and county levels. Many of the businesses we represent are family-operated small businesses registered as corporations. The businesses we represent make up the backbone of our local economies, and a healthy building industry contributes to healthy economic development throughout the State.

For these reasons, MBIA respectfully requests the Committee give this measure an unfavorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: House Ways and Means Committee Members