

Paul Sundell Testimony To House Ways and Means Committee on House Bill 0222

Conclusion: Bill is a One percent Excise Tax On Capital Gains Which IS Already Taxed As Ordinary Income.

I.. Why Is This Bill Unfair

- A. It Penalizes A Certain Type of Income . Why should capital gains income be taxed at higher than labor income, interest, rents, dividends etc. Capital Gains are not ill gotten gains. It is a return to savings or wealth for holding a physical or financial asset. The return to an investment asset generally contains expected price appreciation. If not who would rationally hold the asset
- B. It Penalizes Savers. People save income and invest it to consume at later time
- C. It Would Penalizes the Non Wealthy. People save for retirement so they can have greater control of their time, leisure, travel, and hopefully a healthier life style while not being a burden on others. This bill would make it more difficult for people to accumulate the assets they need to safely retire. Peoples gains from the sale of their home could be taxes at a higher rate as well For most people their house is a large share of their wealth and this bill would tax the capital appreciation at a rate higher than other income.
- D. The Tax Code Is Already Progressive. Those that have higher income are already being taxed and higher rates . Inefficient and unequitable to capital gains at higher rate. Encourages capital and labor to leave the state.

II. Maryland is a very unfriendly state to retirees and lower income taxpayers because of its high marginal tax rates and failure to fully index the tax code to inflation' This bill would further raise the tax burden on retirees has they spend down their savings or sell their home and move to a smaller dwelling

A. Evidence from Kiplinger Guide to Taxes on Retirees

<https://www.kiplinger.com/tool/retirement/T055-S001-state-by-state-guide-to-taxes-on-retirees/index.php>

B. Maryland is a very high tax state. Former delegate McMillan pointed out in a recent Annapolis Capital op-ed that Maryland ranks second in per capita state and local income tax spending this bill would rise that percentage even higher. I believe Maryland on net over spends causing many people and businesses to leave the state for friendlier state tax environments. This bill if passed would make the problem worse.

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# State-by-State Guide to Taxes on Retirees

## State Compare List

Use the chart below to see how selected states stack up when it comes to taxes that affect retirees. Click the links for key details on any state taxation policy. Compare as many as five states at once.

Go back to the [Retiree Tax Map](#) to select different states to compare.

	<a href="#">REMOVE</a> Delaware	<a href="#">REMOVE</a> Maryland	<a href="#">REMOVE</a> Pennsylvania	<a href="#">REMOVE</a> Virginia	<a href="#">REMOVE</a> West Virginia
<b>The Bottom Line</b>	<b>Most Tax-Friendly</b>	<b>Not Tax Friendly</b>	<b>Not Tax Friendly</b>	<b>Tax-Friendly</b>	<b>Mixed tax picture</b>
<b>State Sales Tax</b>	None	6.00%	6.34%	5.65% (groceries taxed)	6.40%
<b>Income Tax Range</b>	Low: 2.2% High: 6.6%	Low: 2% (local taxes additional) High: 5.75% (local taxes additional)	Flat 3.07% (Localities add to this)	Low: 2% High: 5.75%	Low: 3% High: 6.5%
<b>Tax on Social Security</b>	No	No	No	No	No

REMOVE

REMOVE

REMOVE

REMOVE

REMOVE

Delaware

Maryland

Pennsylvania

Virginia

West Virginia

Special Treatment for Other Retirement Income

Yes

Yes

Yes

Yes

Yes

Property Tax Breaks for Seniors

Yes

Yes

Yes

Yes

Yes

Tax on Inheritances and Estates

No

Yes

Yes

No

No

State Profile Page

Go to State Profile

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	<a href="#">REMOVE</a> <b>Delaware</b>	<a href="#">REMOVE</a> <b>Florida</b>	<a href="#">REMOVE</a> <b>Maryland</b>	<a href="#">REMOVE</a> <b>South Carolina</b>
<b>The Bottom Line</b>	<b>Most Tax-Friendly</b>	<b>Most Tax-Friendly</b>	<b>Not Tax Friendly</b>	<b>Most Tax-Friendly</b>
<b>State Sales Tax</b>	<b>None</b>	<b>7.05%</b>	<b>6.00%</b>	<b>7.46%</b>
<b>Income Tax Range</b>	<b>Low: 2.2% High: 6.6%</b>	<b>None</b>	<b>Low: 2% (local taxes additional) High: 5.75% (local taxes additional)</b>	<b>Low: 3% High: 7%</b>
<b>Tax on Social Security</b>	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>
<b>Special Treatment for Other Retirement Income</b>	<b>Yes</b>	<b>No</b>	<b>Yes</b>	<b>Yes</b>
<b>Property Tax Breaks for Seniors</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>

	REMOVE <b>Delaware</b>	REMOVE <b>Florida</b>	REMOVE <b>Maryland</b>	REMOVE <b>South Carolina</b>
<b>Tax on Inheritances and Estates</b>	No	No	Yes	No
<b>State Profile Page</b>	<a href="#">Go to State Profile</a>			

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**Retirement Income Calculator** ⓘ

Tra

Annual Income ⓘ  
\$ 91,918

Current Savings ⓘ  
\$ 25,000

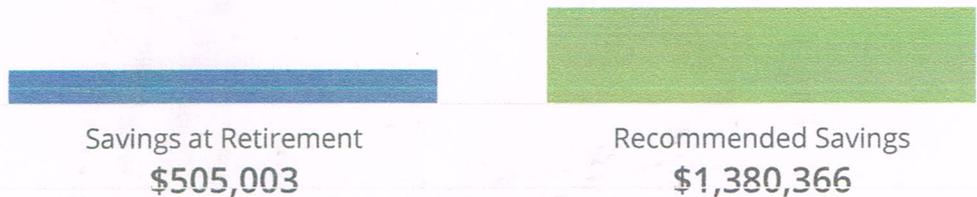
Monthly Savings ⓘ  
\$ 459

6% of income

Birth Year  
1985

We recommend saving **\$1,380,366** at retirement. This will cover **\$131,234** per year in retirement income. *Follow this link to see your 3 financial advisor matches*

Retirement Age ⓘ 66



Calculate Mortgage Payments with Actual Lenders