

ADVOCATES



FOR CHILDREN AND YOUTH

To: Chair Kaiser and members of the Ways and Means Committee
From: Shamoyia Gardiner, Education Policy Director
Re: House Bill 222: Income Tax Rate – Capital Gains Income
Date: February 12, 2020
Position: Support

Advocates for Children and Youth (ACY) is a member organization of the Maryland Fair Funding Coalition. ACY generally supports the policy recommendations offered by the Commission on Innovation and Excellence in Education, including but not limited to: each of the Blueprint's four guiding principles; early supports and interventions for young children and their families; college and career readiness; additional supports and services for students who need them; additional resources, supports, and services for children living in high-need communities; equitable learning outcomes; and equitable distribution of funding across and within jurisdictions.

For years, Maryland has funded public education in a regressive manner, allocating resources to jurisdictions inequitably. This has resulted in some jurisdictions with students who face significant non-academic and academic barriers to learning being underfunded while jurisdictions with less severe student need receiving funds above and beyond what they require.¹ Disturbingly, this regressive funding model has racialized implications, with the three jurisdictions serving half of the students of color in Maryland being the most persistently underfunded: Caroline and Prince George's counties, as well as Baltimore City.²

Students, families, and communities in every jurisdiction of Maryland stand to benefit from the passage of the Commission's recommendations into law, **provided that they are accompanied by a sustainable, dedicated funding source.** The Blueprint for Maryland's Future Fund is integral to ushering in a new era of public education in Maryland; one which starts with a world-class system of public education and ensures equitable access to opportunities so all students thrive.

House Bill 222 will institute an addition 1% state income tax rate on net capital gains for individuals, generating more than \$120 million in new annual revenue for the state. With the expectation that this new revenue will be directed in large part to the Blueprint for Maryland's Future Fund, ACY strongly urges a favorable report on HB 222.

¹ The Urban Institute. "Do Poor Kids Get Their Fair Share of School Funding?"

https://www.urban.org/sites/default/files/publication/90586/school_funding_brief.pdf May 2017.

² The Education Trust, 2017.

Advocates for Children and Youth builds a strong Maryland by advancing policies and programs to ensure children of every race, ethnicity, and place of birth can achieve their full potential.

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