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MAYOR

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SB 133

January 26, 2021

TO: Members of the Budget & Tax Committee
FROM: Natasha Mehu, Director of Government Relations
RE: SENATE BILL 133 – Local Tax Relief for Working Families Act of 2021
POSITION: SUPPORT

Chair Guzzone, Vice Chair Rosapepe, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** Senate Bill (SB) 133.

SB 133 would allow the counties and Baltimore City to establish income tax brackets and raise the maximum income tax rate cap to 3.5%. Under current state law, local jurisdictions are only authorized to set a flat local income tax rate between 1% and 3.2%.

This bill enables Baltimore City and other local jurisdictions to have the authority and flexibility to apply progressive tax brackets or to retain their current structures – whatever is determined to be the best fit locally. The change in structure would allow local governments to tailor their tax policy in a manner that can be more equitable and fairer rather than just for revenue generation.

Baltimore City is also one of twelve jurisdictions in the state already applying the maximum income tax rate of 3.2%. Under SB 133 the City would be able to raise that rate to 3.5%, and, under the new allowable bracket structure apply the tax rate according to income bracket.

For these reasons BCA respectfully request a **favorable** report on Senate Bill 133.