

# MARYLAND FAIR FUNDING COALITION

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## Testimony in Support of House Bill 215 House Ways and Means Committee

### Tax Income of Investment Managers at the Same Rate

The Maryland Fair Funding Coalition is a growing coalition of more than 25 organizations across the state that are committed to the state raising revenue to provide the resources it needs to make significant new investments in essential public services, from responding to the immediate needs of the COVID-19 pandemic to committing long-term resources to our schools.

The coalition supports proposals focused on eliminating loopholes and tax breaks that benefit special interests and fixing our upside-down tax code, which allows the wealthiest individuals to pay the smallest share of their income in state and local taxes. Fixing our tax system will support significant new state investments in education and ensure that large corporations and wealthy individuals are paying their share for the public services we all rely on.

**Our coalition supports HB 215, which will close the carried interest loophole that allows wealthy fund managers to pay a special, low tax rate on this income.**

This special treatment violates core principles of effective tax policy by taxing similar activities at different rates and shifting tax responsibility away from those who can best afford to pay.

This legislation would offset this special tax break and ask wealthy fund managers to pay their fair share. It would also increase revenue by more than \$40 million annually, according to the Department of Legislative Services. This is new revenue that could significantly contribute to the needs of families and small businesses struggling to make ends meet during the pandemic as well as support core public services in the long term.

With a wide range of state services stretched thin, the best way to support Maryland families and communities to reform Maryland's tax code to make it more effective and more equitable.

**Therefore, we urge a favorable report on HB 215.**