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MAJORITY LEADER

Ways and Means Committee
Chair, Revenues Subcommittee



The Maryland House of Delegates
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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Sponsor Testimony
House Bill 179 - Income Tax - Subtraction Modification - Union Dues

Madame Chair, members of the Committee,

It has long been a principle of taxation that business expenses, that is, the costs necessarily incurred by a business in normal operations, should be deductible from taxable income. In essence, this principle states that a business should be taxed on its net revenue rather than its gross revenue. The same should be true for workers. If a worker bears a cost as a result of their employment, I believe that cost should be deductible from their taxable income. In other words, a worker should be taxed only on their net rather than their gross earnings, just as businesses are. We currently recognize this latter principle in various ways through our tax code. For example, we allow teachers to deduct the cost of classroom supplies they've purchased personally.

Until the passage of the federal Tax Cuts and Jobs Act (TCJA) in 2017, union members were able to deduct their union dues on their income taxes. Participation in a union is for many workers a necessity if that worker hopes to be treated fairly by their employer. Union participation for a worker is, in this sense, the equivalent of a business expense borne by a corporation. But under the TCJA this deduction is no longer allowed.

House Bill 179 attempts to correct this fundamental unfairness in our tax code. It would allow Maryland's union members to once again deduct their union dues from their taxable income. I believe it makes the tax code more fair, particularly for Maryland's working families, and that as a principle of tax policy puts workers expenses on an even keel with business expenses. I respectfully urge the committee to give House Bill 179 a favorable report.

Sincerely,

A handwritten signature in cursive script, appearing to read "Eric Luedtke".

Delegate Eric Luedtke