

January 28, 2021

Testimony on House Bill 275
Individual Income Tax - Brackets and Rates – Alteration
House Way and Means Committee

Position: Favorable

Maryland Nonprofits is a statewide association of more than 1100 nonprofit organizations and institutions. We strongly urge you to support House Bill 275.

House Bill 275 would strengthen our ability to invest in things like education, health care, and our workforce by restructuring our income tax brackets to ask more of the wealthiest households while lowering most working Marylanders' tax responsibilities.

House Bill 275 would also make Maryland's revenue system more equitable. Today, our tax code is upside down, allowing the wealthiest 1 percent of households to pay a smaller share of their income in state and local taxes than the rest of us do. Reforming our income tax would make significant progress toward turning our tax code right side up. House Bill 275 is expected to raise upward of 40 percent of new revenue from the wealthiest 1 percent of households and about two-thirds from the 5 percent of households whose annual income is more than \$292,000. Meanwhile, 1.2 million lower- and middle-income families (those with up to \$142,000 in annual income) would pay less under House Bill 275 than they do today.

House Bill 275 would improve racial equity in our tax code because it asks more of households whose income comes primarily from wealth rather than work. The 1 percent of Maryland households with the highest incomes derive about half their income from built-up assets and only 40 percent from wages, salaries, and other forms of employee compensation. Meanwhile, the other 99 percent of households derive three-quarters of their income from a job and only 5 percent from built-up wealth.

To provide truly adequate resources for state government and the programs it needs to support across Maryland, and to raise those resources in a more equitable manner, we urge you to give House Bill 275 a favorable report.

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