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Ways and Means Committee  
Education Subcommittee

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THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

**HB0275- Individual Income Tax- Rates and Rate Brackets- Alterations**

**Hearing: January 28th, 2021**

**Chairwoman Kaiser, Vice Chair Alonzo, and Members of the Ways and Means Committee,**

HB0275 alters the personal income tax by establishing new tax brackets and increases tax rates imposed including an increase in the top marginal tax rate from 5.75% to 7.00%.

**Exhibit 1** shows the State income tax rates under current law.

**Exhibit 2** shows the State income tax rates proposed by the bill beginning in tax year its first implementation year.

**Exhibit 1**  
**Maryland State Income Tax Rates- CURRENT**  
**Joint, Head of Household, Widower**

<b>Single, Dependent Filer, Married Filing Separate</b>	<b>Rate</b>	<b>Maryland Taxable Income</b>	<b>Rate</b>	<b>Maryland Taxable Income</b>
	2.00%	\$1-\$1,000	2.00%	\$1-\$1,000
	3.00%	\$1,001-\$2,000	3.00%	\$1,001-\$2,000
	4.00%	\$2,001-\$3,000	4.00%	\$2,001-\$3,000
	4.75%	\$3,001-\$100,000	4.75%	\$3,001-\$150,000
	5.00%	\$100,001-\$125,000	5.00%	\$150,001-\$175,000
	5.25%	\$125,001-\$150,000	5.25%	\$175,001-\$225,000
	5.50%	\$150,001-\$250,000	5.50%	\$225,001-\$300,000
	5.75%	Excess of \$250,000	5.75%	Excess of \$300,000

**Exhibit 2**  
**Maryland State Income Tax Rates- PROPOSED**  
**Joint, Head of Household, Widower**

<b>Single, Dependent Filer, Married Filing Separate</b>	<b>Rate</b>	<b>Maryland Taxable Income</b>	<b>Rate</b>	<b>Maryland Taxable Income</b>
	3.00%	\$1-\$3,000	3.00%	\$1-\$4,500

3.50%	\$3,001-\$6,000	3.50%	\$4,501-\$9,000
4.00%	\$6,001-\$12,000	4.00%	\$9,001-\$18,000
4.50%	\$12,001-\$24,000	4.50%	\$18,001-\$36,000
5.00%	\$24,001-\$48,000	5.00%	\$36,001-\$72,000
5.50%	\$48,001-\$96,000	5.50%	\$72,001-\$144,000
5.75%	\$96,001-\$192,000	6.00%	\$144,001-\$288,000
6.50%	\$192,001-\$1,000,000	6.50%	\$288,001-\$1,000,000
7.00%	Excess of \$1,000,000	7.00%	Excess of \$1,000,000

The bill will generally lower tax liabilities for lower-income taxpayers and increase tax liabilities for higher-income taxpayers. When introduced in 2020 (HB1190), the fiscal note estimated these adjusted tax brackets would increase the general fund by \$284 million in its first year up to \$668 million in its fifth year. In light of the ongoing needs to better support our obligations and unforeseen entitlement needs in the wake of COVID-19, Maryland should seriously consider addressing tax unfairness. For the foregoing reasons, I respectfully request your support for HB0275.

Sincerely,

Delegate Stephanie M. Smith