



SEIU MARYLAND & DC STATE COUNCIL
1410 Bush Street, Suite F, Baltimore, Maryland 21230

Testimony in **SUPPORT of House Bill 435**
State Individual Income Tax – Millionaires’ Tax

House Ways & Means Committee
February 4, 2021
1:30 PM

Presented to: Anne R. Kaiser, Chairman
By: Terry Cavanagh, Executive Director

SEIU Maryland & DC State Council urges a **Favorable Report to HB 435.**

SEIU is the largest union in North America. We are uniting workers in health care, public services, including public education, and property services to improve lives and the services we provide. We represent over 50,000 workers in the Maryland/DC/Virginia region.

Our members work hard, are important contributors to their communities, and pay their taxes.

The needs that Marylanders have are great. Many of those are best met, most of us believe, through the use of our common wealth. Schools, parks, road, bridges, water and sewer systems, health care, law enforcement all cost money. The question is, how much do we need to pay for what we need and want and who should pay for it?

For over 100 years, Republicans and Democrats have supported a progressive tax system, meaning that the more you make in a year, the higher percentage you should pay in taxes. However, that progressivity has flattened out at the federal level over the years and remained mostly flat at the state level. This has been a significant contributor in the widening wealth and opportunity gap. We have a chance to change that.

Maryland is a wealthy state with a significant number of people with a taxable income of over \$1,000,000 per year. They are certainly capable of absorbing an increase from 5.75% to 7% in their state taxes. It’s important to recognize that this is not a “wealth tax” meaning people

with net assets of \$1,000,000 would be subject to the increase in taxes. This is for people who have a taxable income of over \$1,000,000 in the tax year and only applies to the amount over \$1,000,000.

Let's take a slightly simplified look at how this could work for someone whose taxable income was \$2,000,000.

<u>Income</u>	<u>Current Rate 5.75%</u>	<u>New Rate 7%</u>	<u>Increase</u>
\$2,000,000	\$115,000	\$140,000	\$12,500

This is a significant amount, but not one that is going to result in people leaving that state where they are making over \$2,000,000 per year.

If not these Marylanders, who else do we turn to to pay the bills that all Marylanders benefit from. Do these wealthy and financially successful earners have a greater need and obligation to pay for the very system that contributed to their financial success? Or should we cut schools and parks, and health care?

We urge a Favorable Report on HB 435. Thank you.