

January 13, 2021

The Honorable Anne R. Kaiser
Ways & Means Committee
House Office Building, Room 131,
6 Bladen St., Annapolis, MD, 21401

RE: HB 201 Income Tax Rates – Capital Gains Income

Dear Chairwoman Kaiser:

The Maryland Building Industry Association, representing 1,100 member firms statewide, appreciates the opportunity to participate in the discussion surrounding Income Tax Rates – Capital Gains Income MBIA Opposes the Act in its current version.

The implementation of an additional capital gains tax would be a detriment to the economic development of the state. The proposed tax rates constitute extremely high fees and could dramatically reduce investment returns. At low income levels a 1% tax rate on gains compounded over time would make it significantly more difficult for small investors to build wealth. With the proliferation of brokerages that are accessible to small investors it has become more and more common for members of the public to invest their money instead of keeping it in an account in order to build wealth. This bill would unfairly punish those people for the taking financial risks in order to build their wealth over time.

While MBIA appreciates the exemption for houses valued at less than \$1 million, this capital gains tax would unfairly punish small investors with low taxable incomes and would compound their costs over time. It is unfair to punish low income investors with the same capital gains fees as high earners, deterring investment and making it harder for businesses to build capital.

For these reasons, MBIA respectfully requests the Committee give this measure an unfavorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the Ways & Means Committee