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Ways and Means Committee
Education Subcommittee

House Chair
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THE MARYLAND HOUSE OF DELEGATES
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HB0435- State Individual Income Tax – Millionaires’ Tax
Hearing: Ways and Means, February 4th, 2021 1:30 p.m.

Chairman Kaiser, Vice Chair Washington and members of the Ways and Means Committee,

HB0435 aims to increase the State income tax rate for an individual whose taxable income is in excess of \$1,000,000 to 7%. Under the current law, the tax is 5.75%. The bill would apply the Act to taxable years beginning after December 31, 2021.

Last week, U.S. Treasury Secretary Janet Yellen wrote in her testimony before the Senate Finance Committee that “there is broad agreement that higher taxes on wealthy families can raise substantial amounts of revenue and make the tax code more progressive.” 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. Targeted income tax hikes for high-income residents can allow Maryland lawmakers to pursue important goals for the state such as addressing the statewide WI-FI challenges, improving infrastructure within the state, addressing racial inequities and promoting economic inclusion.

The pandemic has not only exposed longstanding inequities, it has deepened them. While the pandemic economy has adversely impacted the lowest compensated workers the most, the wealthiest households have only become more richer. This is the description of a “K-shaped” economy. Maryland has a responsibility to institute tax fairness and fiscal relief to Maryland’s tax landscape. This is one single measure to meet the moment and improve our collective fiscal resiliency for future challenges.

For the foregoing reasons, I respectfully request your support for HB0435.

I urge the committee to vote favorably on HB0435.

Delegate Stephanie Smith