

HB2--Senate Oral Testimony.pdf

Uploaded by: Delegate Jazz Lewis

Position: FAV

JAZZ LEWIS
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MAJORITY WHIP

Appropriations Committee



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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Oral Testimony of Delegate Jazz Lewis
HB002 Income Tax - Subtraction Modification - Union Dues
Before the Senate Budget and Taxation Committee

Chair Guzzone and members of the Budget and Taxation Committee

I am here today in strong support of House Bill 2, which allows union members to deduct their union dues from their state income taxes. The Tax Cut and Jobs Act of 2017, among other things, limited the number of deductions people could file on their federal income taxes. One of those deductions allowed union members to deduct their union dues as a business expense on their taxes. This bill is to restore to union members the ability to deduct their union dues – albeit on their state income taxes.

Qualified union dues and expenses include membership dues and initiation fees, and certain assessments for benefit payments to unemployed union members. To be clear, union dues do not include contributions to a pension fund or expenses related to certain lobbying and political activities. Those are voluntary contributions that are not tax deductible.

This bill restores to union members a tax deduction that historically they have had but was taken away from them. This will keep more money in the pockets of Maryland's workers, which they can use to support their families and our state's economy.

Everyday working people have seen stagnant wages since the 1970s, union participation is lower, and job security for most Americans is more unstable than ever before. For example, Maryland has a higher unemployment rate at 4.3% compared to its neighbors, VA at 2%, and PA at 4%. Union membership helps with job training and placement, along with substitute income while out of work. Unions have done a tremendous public service to our country in living wages and working conditions for all Americans, union or not. This deduction solidifies a benefit for union membership and acknowledges the great work that workers do for our economy and society. Other states, such as New York, have proposed similar legislation to sure up our support for workers.

Companies are able to deduct various costs, including those involved in resisting unionization and negotiation with unions. However, workers cannot deduct this important cost which is sometimes vital to maximizing the potential of their income. The changes to the tax code present a larger power imbalance and leaves space for employers to exploit their employees. This is unacceptable. By restoring the rights of union members to deduct union costs from their income tax, we will decrease the chance of exploitation and the additional burden that employees currently bear.

HB002 is a reintroduction from previous years, and last year was passed by this committee and by the full House and Senate but was vetoed by former Governor Larry Hogan. The bill has been amended to impose a cap of \$250 on the allowable deduction.

For these reasons, I urge a favorable report.

HB 2 Union Dues.pdf

Uploaded by: Denise Riley

Position: FAV



A Union of Professionals
AFT-Maryland

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Kenya Campbell
PRESIDENT

LaBrina Hopkins
SECRETARY-TREASURER

**Written Testimony Submitted to the
Maryland Senate Budget and Taxation Committee
HB 2 – Income Tax - Subtraction Modification - Union Dues
March 29, 2023**

SUPPORT

Chair Guzzone and members of the committee, on behalf of the American Federation of Teachers - Maryland (AFT-Maryland), which represents more than 20,000 educators, government, and healthcare workers across Maryland, I urge you to support HB 2.

Unionized workers are our communities' teachers, police officers, firefighters, utility workers, and construction crews. These members pay their union dues to not only cover the costs of negotiations and grievances, but to support many other services.

Local unions provide free apprenticeships, continuing education, safety training, and funding for college scholarships for members and their families. They finance research for savings on benefits and other means to save employers money. In addition, labor unions support the community by such things as donating to United Way, holding benefits, and sponsoring events for local charities and little league sports.

The federal Tax Cuts and Jobs Act (TCJA) eliminated the itemized deduction for many workers' expenses, including union dues. American workers have lost numerous tax deductions including the deduction for uniforms required in specialized professions. While businesses can still write off anti-union activity on their taxes.

We need more means to encourage union memberships – making union dues tax deductible is one way we can help achieve this. New hires will be encouraged to join their unions and all its benefits and be told that their dues will not be taxed at the state level because Maryland supports its workers and their unions.

To quote Senator Bob Casey, "Unions provide a path to the middle class for working people by increasing their income and the economic security of their families. To this end, it's important that we do all we can to empower workers to organize, not make it harder." Maryland should recognize all that the funds from union dues provide for its citizens and the community. Again, we ask this committee for a favorable report on HB 2. Thank you.

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MD Catholic Conference_FAV_HB0002.pdf

Uploaded by: MJ Kraska

Position: FAV



MARYLAND
CATHOLIC
CONFERENCE

March 29th, 2023

House Bill 02

Income Tax – Subtraction Modification – Union Dues House Ways & Means Committee

Senate Budget & Taxation Committee

Position: FAVORABLE

The Maryland Catholic Conference is the public policy representative of the three (arch)dioceses serving Maryland, which together encompass over one million Marylanders. Statewide, their parishes, schools, hospitals, and numerous charities combine to form our state's second largest social service provider network, behind only our state government.

The Conference supports House Bill 02. This bill would allow a subtraction modification under the Maryland income tax for certain union dues paid during the taxable year.

The important role that unions play in our society must be recognized. The purpose of unions is *“not simply to defend the existing wages and prerogatives of the fraction of workers who belong to them, but also to enable workers to make positive and creative contributions to the firm, the community, and the larger society in an organized and cooperative way.”* *Laborem Exercens* #304

Union dues are an essential expense for workers in their quest for fair wages and job security; all workers should be allowed a subtraction modification on their Maryland tax returns.

The Conference appreciates your consideration and respectfully urges a **favorable** report for House Bill 02.

HB2_FAV with Amend_AFSCME.pdf

Uploaded by: Cindy Smalls

Position: FWA



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HB2 – Income Tax -Modification Union Dues
Budget & Taxation Committee
March 29th, 2023
SUPPORT with Amendment

AFSCME Council 3, Council 67 and Ace-AFSCME Local 2250 representing over 50,000 state, county, and municipal employees stand in of supports HB 2 in its original form without the \$250 cap.

Currently, this bill authorizes a subtraction modification against the Maryland income tax for up to **\$250** of specified union dues paid by an individual during the taxable year. Unfortunately, HB 2 was amended to cap the amount of a union dues that a worker can subtract to \$250 per tax year. Both chambers passed an uncapped version of this bill in 2022. Many union workers pay dues far higher than \$250 per year, creating a disparity between what all workers will receive in tax relief and what some pay in dues.

Prior to tax year 2018, a taxpayer who elected to itemize deductions could deduct certain miscellaneous expenses. Unreimbursed employee expenses, including specified union dues and expenses, qualified for the deduction. Qualified union dues and expenses included union membership dues and initiation and certain assessments for benefit payments to unemployed union members. In 2017 the federal Tax Cuts and Jobs Act of 2017 was signed into law on December 22, 2017, and enacted significant changes to federal taxes, including the personal income tax. Although the Act reduced personal income taxes overall, several provisions reduce or eliminate several existing income tax benefits, including the elimination of the miscellaneous expense's deduction in tax years 2018 through 2025. Given the Act eliminated the deduction, an individual may not deduct union dues and expenses in these tax years. Because state law dictates that we follow federal law on itemized tax credits, it effectively eliminated the State tax credit for union dues, as well in Maryland.

Allowing workers to deduct their union dues is a direct investment in Maryland's workforce. Unionized workers are our public servants. They are our transportation workers, social workers, nurses, paraprofessionals, skilled construction workers, educators, and public safety workers. Union dues are used to improve the lives and working conditions of millions of workers throughout the state.

In today's economy, corporations are thriving, bringing in record profits to their organizations and shareholders, while the average American is still making less. In past years, Congress have passed tax bills to aid corporations and the 1% while average working Americans. By passing this income tax credit, without the \$250 cap for working families, you can balance this inequity, and provide further assistance for those who need it the most.

For these reasons, we ask the committee to move the bill without the \$250 cap.

American Federation of State, County and Municipal Employees, AFL-CIO

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Testimony - HB 2 - Senate B&T.pdf

Uploaded by: David O'Ferrall

Position: FWA

Mid Atlantic Studio Mechanics and Broadcast Technicians

I.A.T.S.E. Local 487

OFFICE LOCATION: 2301 Russell St., Baltimore, MD 21230

March 29, 2023

Senate Budget and Taxation Committee

House Bill 2 - Income Tax - Subtraction Modification - Union Dues.

Favorable with Amendment



Paul Thomas
President

On behalf of the over 500 members of Local 487, IATSE we ask for your support to remove the \$250 cap on House Bill 2 - Income Tax - Subtraction Modification - Union Dues. This bill brings back workers' ability to claim union dues as a subtraction modification for calculating state income tax obligations. Changes in the federal tax system with the passage of the Tax Cuts and Jobs Act of 2017 eliminated this right. Maryland followed suit, meaning that our members lost the ability to claim this subtraction on both Federal and State income taxes. This is not an attempt to gain some new benefit for union workers, but a bill to reinstate what we already had.

Justin Unger
Vice President
Southern Region

Unfortunately, HB 2 was amended to cap the amount of union dues that a worker can subtract to \$250 per tax year. Both chambers passed an uncapped version of this bill in 2022. Many union workers pay dues far higher than \$250 per year, creating a disparity between what all workers will receive in tax relief and what some pay in dues. For context, if a worker makes \$40,000 per year and claims the full subtraction they only decrease their tax liability by \$12. A worker making \$70,000 would see the same savings of \$12. Regardless of what a worker pays in dues, they will only see \$12 in tax relief.

Len Applefeld
Vice President
Northern Region

Ellen Popiel
Secretary/Treasurer

Allowing workers to deduct their union dues is a direct investment in Maryland's workforce. Unionized workers better our lives every single day. They are not just my members but transportation workers, social workers, nurses, paraprofessionals, skilled construction workers, educators, and public safety workers. Union dues are used to improve the lives and working conditions of millions of workers throughout the state.

David M. O'Ferrall
Business Agent

House Bill 2 will help our Union Brothers, Sisters and Kin and we ask that you SUPPORT the Bill with amendments and give it a FAVORABLE REPORT.

Sincerely,

David O'Ferrall - Business Agent

HB 2 - Senate Side - Opposition to Dues Cap.pdf

Uploaded by: Donna Edwards

Position: FWA



MARYLAND STATE & D.C. AFL-CIO

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President

Donna S. Edwards

Secretary-Treasurer

Gerald W. Jackson

March 28, 2023

Dear Senators,

Please support removing the cap on House Bill 2 - Income Tax - Subtraction Modification - Union Dues. This bill reestablishes workers' ability to claim union dues as a subtraction modification for calculating state income taxes, which was eliminated by the federal Tax Cuts and Jobs Act of 2017.

This is not an attempt to gain some new benefit for union workers, but a bill to reinstate what we already had. Both chambers passed an uncapped version of this bill in 2022 that was vetoed by the Governor. Originally this bill included language prohibiting businesses from deducting their union avoidance and anti-union expenses from their state corporate taxes which would have offset the cost of reinstating this subtraction.

Allowing workers to deduct their union dues is a direct investment in Maryland's workforce. Unionized workers are our public servants. They are our transportation workers, social workers, nurses, paraprofessionals, skilled construction workers, educators, and public safety workers. Our union dues help improve working conditions, wages, and benefits for all workers in the state, but the General Assembly wants to place a cap on a benefit we used to have.

We ask for your support for HB 2 without the \$250 cap.

Sincerely,
Donna Edwards

President
Maryland State & DC AFL-CIO

HB0002-BT_MACo_OPP.pdf

Uploaded by: Kevin Kinnally

Position: UNF



House Bill 2

Income Tax - Subtraction Modification - Union Dues

MACo Position: **OPPOSE**

To: Budget and Taxation Committee

Date: March 29, 2023

From: Kevin Kinnally

Tax Incentives and Local Government Autonomy

Counties are eager and committed partners in promoting economic growth and creating opportunity – and prefer local autonomy in determining the best way locally. The Maryland Association of Counties (MACo) opposes state-mandated reductions in local revenue sources, but county governments welcome flexible and optional tools to serve and react to local needs and community priorities.

The General Assembly routinely considers broad or targeted tax incentives to stimulate economic growth, encourage beneficial activities, or attract and retain residents. These proposals sometimes focus exclusively on the State's tax structure, but often extend to local revenues as well.

In general, MACo stands for local self-determination. Counties, led by locally elected leaders directly accountable within the communities they serve, are best positioned to govern local affairs – ranging from land use to fiscal matters. MACo steadfastly guards this local autonomy and consistently advocates against one-size-fits-all policies that override local decision-making.

State tax incentives should be enacted as "local option" offerings to allow counties maximum flexibility in tailoring local policies to meet local needs and priorities. The State and its local governments already work together here – where the State routinely grants a state-level property tax credit, enabling county governments to enact their own as a local option.

MACo urges the Committee to primarily consider state income tax credits as the best means to incorporate local tax relief as part of a broader policy. MACo and county governments stand ready to work with state policymakers to craft flexible and optional tools to deliver broad or targeted tax incentives but resist state-mandated changes that preclude local input.