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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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