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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.