



**Testimony in support of  
House Bill 337: Income Tax – Capital Gains, Dividends, and Foreign-Derived  
Intangible Income – Alterations (Investing in Marylanders Act of 2023)**

**Ways and Means Committee  
Position: Favorable**

February 9, 2023

Strong Schools Maryland is a network of education advocates dedicated to ensuring the full funding and faithful implementation of the Blueprint for Maryland's Future. We are also a member of the Maryland Fair Funding Coalition, a group of more than a dozen organizations formed to ensure that the state has the resources it needs to make significant investments in education funding. Strong Schools Maryland urges a favorable vote on **House Bill 337: Income Tax – Capital Gains, Dividends, and Foreign-Derived Intangible Income – Alterations (Investing in Marylanders Act of 2023)**.

The Blueprint for Maryland's Future envisions a World-Class system of public schools for our state's students. This only exists if the state produces the necessary funding to implement this vision. This bill would alter the Maryland tax code to close several types of corporate tax loopholes and implement a 1% surtax on capital gains, which would generate more revenue to invest in public goods and services like education.

Currently, wealthy households benefit from a special, extra-low rate on income from capital gains. The special treatment of capital gains is an important driver of racial and ethnic inequality, because the wealthiest 10 percent of white households control nearly two-thirds of all wealth nationwide. This bill would alter this special treatment through placing a 1

percent surtax on capital gains income. The Fair Funding Coalition estimates that this would generate about \$150 million per year.

In December 2021, Maryland began automatically adding students under Medicaid coverage to the free or reduced-price school lunches program. This new criteria of eligibility has identified a large blindspot in our counting of students in poverty. We have been missing **1 in 9 students**. The Blueprint will require additional investment to serve these newly identified students through programs like the concentration of poverty grants. The revenue generated by the Investing in Marylanders Act of 2023 can help ensure the state keeps its commitment to students by fully funding the Blueprint for Maryland's Future.

Now is the time to ensure the wealthiest pay their fair share, and now is the time to secure revenue sources that can fulfill the promises of the Blueprint.

**For these reasons, we urge a favorable report on House Bill 337.**

For more information, contact:

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