



February 2, 2023

House Bill 142

**More Local Tax Relief for Working Families Act of 2023
House Ways and Means Committee**

Position: FAVORABLE

This enabling legislation would allow counties to set progressive local income tax rates of up to 3.7% on high income earners while requiring counties that exceed 3.2% to lower taxes on lower income earners.

Two years ago, the Maryland General Assembly gave local jurisdictions the authority to set our income tax rates on a progressive basis, while staying within the existing local income tax rate limit of 3.2%. This is not a controversial structure. Federal tax rates are progressive, state tax rates are progressive, and according to recent polling three out of four Marylanders think higher earners should pay higher rates. In fact, Maryland counties taxed income progressively until 1999, when we were forced to move from a piggy-back on the state's progressive rates to a flat rate.

Anne Arundel County is one of two counties to use this new authority. The flexibility provided allowed us to cut taxes for all income below \$50,000 in our 2023 budget. The Maryland Association of Counties (MACo) voted to support this legislation because counties want more flexibility to be able to meet the needs of our residents in an equitable way. As local leaders, all of us seek fair ways to generate the revenue we need to offset federal and state cuts and provide the infrastructure and services that our residents deserve.

The 2017 federal tax bill and the 2020 Coronavirus pandemic increased the disparities in wealth between our highest income and lowest income residents. Allowing counties greater progressivity in local income taxes is a long-overdue step toward greater economic opportunity and long-term economic recovery.

In Anne Arundel County, we could generate significant revenue to pay for education and local services with the passage of this bill, while only asking for very minimal help from those taxpayers with the highest incomes. We also would have the option of lowering rates on the majority of taxpayers. Every Maryland county would have similar options with passage of this bill.

Please grant Maryland jurisdictions the authority to make these important decisions on behalf of the residents who elect us with a **FAVORABLE** report on HB 142.

Stuart Pittman
County Executive