



January 24, 2023

Delegate Vanessa E. Atterbeary, Chair  
House Appropriations Committee  
Room 131 House Office Building  
Annapolis, MD 21401

**RE: HB2 – UNFAVORABLE – Income Tax - Subtraction Modification - Union Dues**

Dear Chair Atterbeary and Members of the Committee:

The Maryland Transportation Builders and Materials Association (“MTBMA”) has been and continues to serve as the voice for Maryland’s construction transportation industry since 1932. Our association is comprised of 200 members. MTBMA encourages, develops, and protects the prestige of the transportation construction and materials industry in Maryland by establishing and maintaining respected relationships with federal, state, and local public officials. We proactively work with regulatory agencies and governing bodies to represent the interests of the transportation industry and advocate for adequate state and federal funding for Maryland’s multimodal transportation system.

House Bill 2 would implement a subtraction modification against the Maryland state individual income tax for the full amount of any union dues paid by that individual during a given tax year. This corresponds to the miscellaneous expenses deduction that existed in the federal tax code until the Tax Cuts and Jobs Act of 2017 eliminated that deduction through Tax Year 2025. Although the federal tax deduction applied only to the amount that the subject expenses exceeded 2% of the individual’s adjusted gross income, House Bill 2 does not make the state subtraction modification subject to that same floor.

MTBMA opposes House Bill 2 because it would needlessly punish those who choose not to join a labor union, and it would treat individuals who join a voluntary association of workers differently from businesses who choose to join a voluntary association of employers. Should it be the will of the General Assembly to pass this bill, we ask that consideration be given to allow businesses to fully deduct their contributions to any industry/trade associations of which they are members. In addition, this subtraction modification would be permanent, while the federal deduction related to this issue is scheduled to be revived in Tax Year 2026. Any action on this matter should be linked to the status of the federal deduction.

We appreciate you taking the time to address this issue and we respectfully urge an unfavorable report on House Bill 2.

Thank you,

A handwritten signature in blue ink, appearing to read "Michael Sakata", is written over a faint, light blue circular watermark or seal.

Michael Sakata  
President and CEO  
Maryland Transportation Builders and Materials Association