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MARYLAND ASPHALT ASSOCIATION



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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 Asphalt Association (MAA) is comprised of 18 producer members representing more than 47 production facilities, 24 contractor members, 24 consulting engineer firms and 41 other associate members. MAA works proactively with regulatory agencies to represent the interests of the asphalt industry both in the writing and interpretation of state and federal regulations that may affect our members. We also 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.

MAA 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.

Sincerely,

Marshall Klinefelte
President
Maryland Asphalt Association