



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

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Governor

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Lieutenant Governor

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Secretary

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Deputy Secretary

HOUSE BILL 803 Income Tax - Alteration of Brackets and Rates (Economic Prosperity Act of 2024)

STATEMENT OF INFORMATION

DATE: February 15, 2024

COMMITTEE: Ways and Means

SUMMARY OF BILL: House Bill 803 alters personal income tax by establishing new rates and brackets effective tax year 2024, as shown below.

EXPLANATION: According to the Bureau of Revenue Estimates (BRE), House Bill 803 would decrease State general fund revenues by \$4.8 billion in fiscal 2025 (reflecting a 1.5 tax year impact), \$3.3 billion in fiscal 2026, with revenue loss increasing in the out years.

<i>Individual</i>				<i>Joint</i>			
<u>Lower Limit</u>	<u>Upper Limit</u>	<u>Current Rate</u>	<u>HB803 Rate</u>	<u>Lower Limit</u>	<u>Upper Limit</u>	<u>Current Rate</u>	<u>HB803 Rate</u>
\$1	\$1,000	2.00%	0.00%	\$1	\$1,000	2.00%	0.00%
\$1,001	\$2,000	3.00%	0.00%	\$1,001	\$2,000	3.00%	0.00%
\$2,001	\$3,000	4.00%	0.00%	\$2,001	\$3,000	4.00%	0.00%
\$3,001	\$15,000	4.75%	0.00%	\$3,001	\$30,000	4.75%	0.00%
\$15,001	\$75,000	4.75%	4.00%	\$30,001	\$90,000	4.75%	4.00%
\$75,001	\$100,000	4.75%	4.50%	\$90,001	\$150,000	4.75%	4.50%
\$100,001	\$125,000	5.00%	4.50%	\$150,001	\$175,000	5.00%	4.50%
\$125,001	\$150,000	5.25%	4.50%	\$175,001	\$200,000	5.25%	4.50%
\$150,001	\$200,000	5.50%	4.75%	\$200,001	\$225,000	5.25%	4.75%
\$200,001	\$250,000	5.50%	5.00%	\$225,001	\$250,000	5.50%	4.75%
\$250,001	\$300,000	5.75%	5.00%	\$250,001	\$300,000	5.50%	5.00%
\$300,001	\$350,000	5.75%	5.50%	\$300,001	\$350,000	5.75%	5.00%
\$350,001		5.75%	5.75%	\$350,001	\$400,000	5.75%	5.50%
				\$400,001		5.75%	5.75%

The Department of Budget and Management (DBM) is charged with submitting a balanced budget to the General Assembly annually and will be working with the General Assembly to achieve structural balance over the long-term. In light of current projected general fund deficits in fiscal 2026 forward, the Department urges caution in passing legislation significantly reducing general fund revenues. State government must be intentional, disciplined, and strategic with its allocation of State funding to ensure maximum impact toward priority outcomes.

It would be challenging for the State to manage this revenue loss given the forecasted out-year deficits for the General Fund.

**For additional information, contact Laura Vykol-Gray at
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