



TESTIMONY TO THE SENATE BUDGET AND TAXATION COMMITTEE

SB 70 - County Income Tax - Rate and Income Brackets - Alterations

POSITION: Support

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The League of Women Voters of Maryland supports a progressive income tax which should be the first choice if a revenue increase is necessary.

Currently, counties may collect a piggyback income tax based on a percentage of the income tax that the state collects for local purposes. Right now, the local income tax in most counties is a flat tax, meaning payers pay the same rate no matter what their income.

SB 70 is authorizing legislation that would allow counties to increase the current cap on the piggyback income tax from 3.2% to 3.7%. A few years ago, the legislature passed enabling legislation to allow counties to create a graduated income tax which would allow them to require higher earning residents to pay more county income tax than lower income residents. Only one county chose to do that because, without increasing the cap on the amount counties could collect, they could not adopt a more equitable tax structure without losing revenue.

Like the state, counties are facing significant fiscal challenges – especially in relation to the funding requirements of the Blueprint for Maryland's future. Passing this bill, would give them another tool to address this challenge.

We urge a favorable report on SB 70.