



January 13, 2025

Senate Bill 70

**County Income Tax - Rate and Income Brackets - Alterations
Senate Budget and Taxation Committee**

Position: FAVORABLE WITH AMENDMENT

Anne Arundel County **SUPPORTS** Senate Bill 70 – County Income Tax – Rate and Income Brackets – Alterations. SB 70 would allow counties to set progressive local income tax rates of up to 3.7% on high income earners while requiring counties that exceed the current 3.2% limit to lower taxes on lower income earners, or dedicate the increased revenue to education and transportation.

Four years ago, the Maryland General Assembly gave local jurisdictions the authority to set our local income tax rates on a progressive bracket basis, while staying within the existing local income tax rate limit of 3.2%. Anne Arundel County proudly used this new authority. The flexibility provided allowed us to cut taxes for all income below \$50,000 in our 2023 budget, and raise the tax rate only on the top 2% of earners in our 2024 budget. As fiscal leaders, we look out for our constituents by ensuring that we generate necessary revenue in order to meet the challenges of today, while mitigating the economic burden on our hardworking taxpayers.

This enabling legislation is critical to how counties address their local tax and revenue needs. 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 be able to keep rates lower for the majority of taxpayers. Every Maryland county would have similar options with passage of this bill, and having this level of flexibility would move every jurisdiction in the right direction for years to come.

SB 70 would also require counties to implement progressive tax rates within specific brackets. Anne Arundel County's top rate of 3.2% currently applies to income over \$400,000 (\$480,000 for joint filers). In order to meet the bracket requirements in the bill, we would have to either expand our top bracket to income above \$250,000 (\$300,000 for joint filers) or contract our top bracket to income above \$500,000 (\$600,000 for joint filers). Although we are not opposed to uniform brackets, we urge an amendment to either realign the brackets with our existing structure or grandfather our current bracket structure. Absent an amendment, Anne Arundel County would be forced to make an income tax change by tax year 2027. Please grant Maryland jurisdictions the authority to make these important decisions on behalf of the residents who elect us with a **FAVORABLE WITH AMENDMENT** report on SB 70.

Steuart Pittman
County Executive