SB 59_MD Center on Economic Policy_FAV.pdf
Uploaded by: Kali Schumitz
Position: FAV

Updating Residence Standards Will Make Maryland's Tax Code More Effective

Position Statement in Support of Senate Bill 59

Given before the Senate Budget and Taxation Committee

An effective revenue system is an essential tool to enable Maryland to invest in the foundations of our economy such as education, child care, and transportation. All Marylanders benefit when we have sufficient resources to invest in the basics, and these investments can be particularly important to break down the barriers – built through past and present policies – that hold back many Marylanders because of their race, gender, a disability, or another aspect of their identity.

Senate Bill 59 would update the standards the state uses to define residence in Maryland for tax purposes. As modified by the sponsor amendment, the bill would require individuals who reside in Maryland for at least three months of the year to apportion a share of their income to Maryland, preventing some wealthy individuals with multiple homes from avoiding paying their fair share toward the services that make Maryland a great place to live. **For these reasons the Maryland Center on Economic Policy supports Senate Bill 59**, including the sponsor amendment.

The Maryland Center on Economic Policy respectfully requests that the Senate Budget and Taxation Committee make a favorable report on Senate Bill 59 as modified by the sponsor amendment to require income apportionment for part-year residents**.**

Senate Bill 59

Income Tax - Resident

MACo Position: **SUPPORT**

To: Budget and Taxation Committee

Date: January 22, 2025

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** SB 59. This bill ensures individuals who spend a significant portion of the year in Maryland contribute fairly to the tax base, helping to support the local services they rely on.

Counties deliver essential services to all residents, including those living part-time or owning second homes. Public safety, emergency response, and infrastructure face added strain in areas with large concentrations of seasonal residents or vacation properties. Under current law, these part-time residents often do not contribute equitably to the revenue needed to sustain these services, leaving full-time residents to shoulder the burden.

SB 59 updates Maryland's income tax law by redefining "resident" to include individuals who maintain a place of abode for more than three months of the taxable year. This practical adjustment captures tax contributions from those who rely on local services while in the state. The bill promotes fairness by aligning tax policy with modern residency patterns and ensures local governments can continue providing the essential services that underpin communities across the state.

Requiring all who benefit from local services to contribute their fair share resolves a longstanding inequity. Expanding the tax base to include part-time residents properly provides counties with resources to sustain critical services, address growing demands, and invest in stronger, more resilient communities.

Accordingly, MACo urges a **FAVORABLE** report on SB 59.

MBIA Letter of Opposition SB 59.pdf
Uploaded by: Lori Graf
Position: UNF

MARYLAND BUILDING INDUSTRY ASSOCIATION
11825 West Market Place | Fulton, MD 20759 | 301-776-6242

January 22, 2025

The Honorable Guy Guzzone
Senate Budget & Taxation Committee
Miller Senate Office Building,
2 2 West 11 Bladen St.
Annapolis, MD, 21401

RE: Opposition SB59 - Income Tax - Resident

Dear Chair Guzzone:

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion surrounding **SB59 Income Tax - Resident**. MBIA **Opposes** the Act in its current version.

This bill would alter the definition of "resident" under the Maryland income tax law to provide that an individual who maintains a place of abode in the State for more than 3 months, rather than 6 months, of the taxable year is a resident for income tax purposes whether or not the individual is domiciled in the State.

Currently, Maryland law defines a legal resident as someone who is domiciled in Maryland on the last day of the tax year. It also defines a legal resident as someone who has lived in Maryland for more than six months of the tax year and was physically present in the state for at least 183 days. Understanding the intent of the legislation is to widen the pool of people who would now be considered residents and be subject to being taxed on their income.

The industry is supportive of the intent to increase state revenue, however this legislation could unintended consequences such as dissuading people to reside in the state. Maryland has seen population growth stagnate, while neighboring states are seeing significant population growth. SB59 will not help to reverse that trend.

We again appreciate the opportunity to provide feedback, for more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the Senate Budget & Taxation Committee

SB 59 - LOI.pdf
Uploaded by: Matthew Dudzic
Position: INFO

Letter of Information

Senate Bill 59 – Income Tax – Resident
Budget and Taxation
January 22, 2025

We would like to thank Senator Rosapepe for introducing Senate Bill 59 (SB59), Income Tax – Resident. SB59 seeks to reduce the amount of time an individual must maintain a place of abode in Maryland to be considered a resident for income tax purposes from 6 months to 3 months.

Maryland currently maintains memoranda of understanding with four jurisdictions: Virginia, West Virginia, Pennsylvania, and the District of Columbia. These reciprocal agreements outline how state income taxes are reported for individuals who work across state lines and the income tax withholding requirements of their employers. The agreements also include agreed-upon standards for residency. For example, our memorandum of understanding with Virginia uses 183 days as the benchmark for residency. We would like to note that if the residency requirements for Maryland are modified, we may be required to renegotiate these memoranda, which could create unintended consequences for the many Maryland residents who work in a neighboring state.

If it is the will of the General Assembly to modify residency standards in Maryland, we are happy to work with the bill sponsors to develop language that preserves the intent of the bill without jeopardizing existing reciprocal agreements with other states. If you have any questions, please reach out to Matthew Dudzic, Director of State Affairs, at MDudzic@marylandtaxes.gov.