

Senate Bill 412 Final Testimony.pdf

Uploaded by: Giavante Hawkins

Position: FAV

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January 25, 2025

Honorable Members of the Senate Budget and Taxation Committee
Maryland General Assembly
11 Bladen Street
Annapolis, MD 21401

RE: Senate Bill 412 - Income Tax - Subtraction Modification - Maryland 529 Plan Contributions

Dear Chair and Members of the Committee:

The Maryland Society of Accounting and Tax Professionals, Inc. (MSATP) represents the voices of over 2,000 tax and accounting professional members. Our members, who are tax and accounting professionals, serve over 700,000 Maryland residents. We strongly support Senate Bill 412, which would increase the maximum subtraction modification for Maryland 529 plan contributions from \$2,500 to \$4,850.

As tax professionals who regularly advise families on college savings strategies, we see firsthand how the current \$2,500 limit has fallen behind the rapidly rising costs of higher education. The proposed increase to \$4,850 better reflects today's college expenses and provides meaningful tax relief to families committed to saving for their children's education. This change is particularly important as we see more families struggling to balance immediate financial needs with long-term educational planning.

The timing of this increase, effective for tax years beginning after December 31, 2025, provides an appropriate phase-in period while offering substantial relief to families. The preservation of the ten-year carryforward provision ensures that families who make larger contributions can still receive the full tax benefit over time. Additionally, the bill's separate treatment of spouses on joint returns effectively doubles the potential benefit for married couples, providing additional planning opportunities for families.

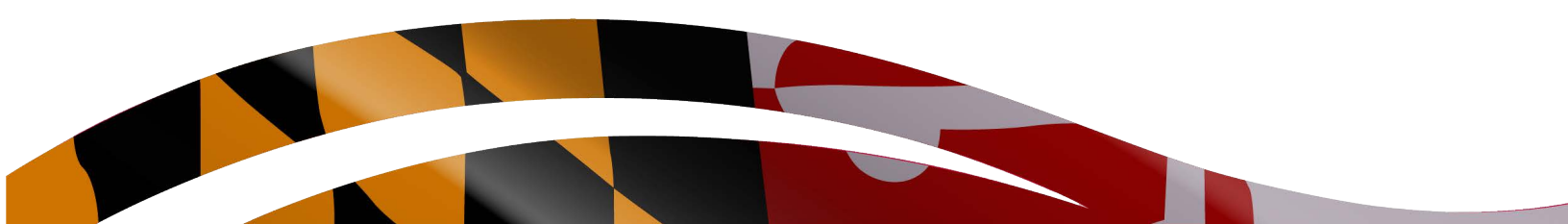
This legislation also maintains important program integrity features, such as the restriction on claiming the subtraction when receiving state contributions. The clear structure and straightforward implementation will allow tax professionals to effectively communicate these enhanced benefits to clients while maintaining compliance with all program requirements.

For these reasons, MSATP strongly encourages a favorable report on Senate Bill 412. This legislation represents a meaningful step toward helping Maryland families meet the challenge of saving for higher education while maintaining the fiscal integrity of our tax system.

Respectfully submitted,



Giavante' Hawkins
Maryland Society of Accounting and Tax Professionals



Agudah Testimony - SB 412 - 529 Subtract Mod - FAV

Uploaded by: Rabbi Ariel Sadwin

Position: FAV



SENATE BUDGET AND TAXATION COMMITTEE

FEBRUARY 5, 2025

SENATE BILL 412

**INCOME TAX - SUBTRACTION MODIFICATION - MARYLAND 529 PLAN CONTRIBUTIONS
SUPPORT**

Agudath Israel of Maryland speaks on behalf of the Orthodox Jewish communities across Maryland, including the many Orthodox Jewish families with children who are current students, or hope to be students in future, at institutions of higher learning. We submit this testimony today in support of Senate Bill 412.

SB 412 would increase the amount of the subtraction modification of the Maryland income tax for contributions made to a Maryland 529 plan, including both the Maryland Senator Edward J. Kasemeyer Prepaid College Trust account and the Maryland Senator Edward J. Kasemeyer College Investment Plan account. These Maryland 529 accounts encourage parents to save for their children's education, and help make college tuition more affordable. Increasing the subtraction modification would further those goals.

In Jewish tradition, education is deeply valued, with the pursuit of knowledge seen as a way to strengthen both individuals and communities. In today's society, a college education not only offers critical professional skills but also empowers students to contribute meaningfully to society.

However, the rising costs of tuition often present a daunting financial challenge for many families. Expanding the subtraction modification, as this bill would do, will enable and encourage parents to plan more effectively and help make college a realistic and attainable goal for their children.

Therefore, we respectfully ask that you provide a favorable report on Senate Bill 412. Thank you for your time and consideration.

SB0412-BT_MACo_OPP.pdf

Uploaded by: Kevin Kinnally

Position: UNF



Senate Bill 412

Income Tax - Subtraction Modification - Maryland 529 Plan Contributions

MACo Position: **OPPOSE**

To: Budget and Taxation Committee

Date: February 5, 2025

From: Kevin Kinnally

Tax Incentives and Local Government Autonomy

Counties are eager and committed partners in promoting economic growth and creating opportunity – and prefer local autonomy in determining the best way locally. The Maryland Association of Counties (MACo) opposes state-mandated reductions in local revenue sources, but county governments welcome flexible and optional tools to serve and react to local needs and community priorities.

The General Assembly routinely considers broad or targeted tax incentives to stimulate economic growth, encourage beneficial activities, or attract and retain residents. These proposals sometimes focus exclusively on the State's tax structure, but often extend to local revenues as well.

In general, MACo stands for local self-determination. Counties, led by locally elected leaders directly accountable within the communities they serve, are best positioned to govern local affairs – ranging from land use to fiscal matters. MACo steadfastly guards this local autonomy and consistently advocates against one-size-fits-all policies that override local decision-making.

State tax incentives should be enacted as "local option" offerings to allow counties maximum flexibility in tailoring local policies to meet local needs and priorities. The State and its local governments already work together here – where the State routinely grants a state-level property tax credit, enabling county governments to enact their own as a local option.

MACo urges the Committee to primarily consider state income tax credits as the best means to incorporate local tax relief as part of a broader policy. MACo and county governments stand ready to work with state policymakers to craft flexible and optional tools to deliver broad or targeted tax incentives but resist state-mandated changes that preclude local input.