

TESTIMONY IN SUPPORT OF BILL HB 1014

Fair Share for Maryland Act of 2025

Ways and Means Committee

February 20, 2025

Social Work Advocates for Social Change strongly supports HB 1014, which will generate \$1.6 billion annually for Maryland and make strides toward a more adequate and equitable tax system. Fair Share for Maryland will require Maryland's richest individuals and some of the world's largest corporations to pay a fair share in taxes, reducing racial and economic disparities and serving as a reliable fund for the state's vital resources.

Fair Share for Maryland will add upper-income tax brackets and a surtax on capital gains income to balance our upside-down tax system. According to the Chamber of Commerce, Maryland is the 7th wealthiest state in the country with more millionaire households per capita than any other state.¹ Currently, the wealthiest Marylanders pay a smaller share of their income in state taxes than those in any other income group. Maryland's overburdened families — the poorest 20 percent taxed most disproportionately to their income — are almost twice as likely to be African American,² which demonstrates that the state's tax policy is highly discriminatory across both class and racial lines. Fair Share for Maryland is thus an opportunity to ensure millionaires pay their fair share, and to address racial and economic disparities in the process.

One-third of the largest corporations operating in Maryland pay \$0 in income taxes in a typical year.³ Fair Share for Maryland will close corporate tax loopholes to make sure that large corporations can't avoid paying the hundreds of millions of dollars corporations should collectively owe in state taxes.⁴ Maryland's publicly funded roads, fire protection, water and sewer infrastructure, and other vital services enable not just our quality of life as residents but also multinational corporations' business operations. While **corporate profits grow, the state fills the gaps** for workers who are paid too little and lack employer-provided healthcare, thus forcing the state to consider cuts to fundamental services when it comes time to balance its budget.^{5,6} Multinational

¹ Chamber of Commerce. How rich is each US State? <https://www.chamberofcommerce.org/how-rich-is-each-us-state/>

² Maryland Center on Economic Policy. (Mar 25, 2015). Maryland's poor taxed more than rich; communities of color feel biggest pinch. <http://www.mdeconomy.org/marylands-poor-taxed-more-than-wealthy-communities-of-color-feel-biggest-pinch/>

³ Fair Share Maryland. (2024). *Fair Share for Maryland: Overview*.

https://fairsharemaryland.org/wp-content/uploads/Fair-Share-for-MD_Overview_012324.pdf

⁴ Fair Share Maryland. (2024). *Fair Share for Maryland: Elements*.

https://fairsharemaryland.org/wp-content/uploads/Fair-Share-for-MD_Elements_012324.pdf

⁵ Center on Budget and Policy Priorities. (2018, June 13). *Corporate tax cut benefits wealthiest, loses needed revenue, and encourages tax avoidance*.

<https://www.cbpp.org/research/federal-tax/corporate-tax-cut-benefits-wealthiest-loses-needed-revenue-and-encourages-tax>

⁶ Searing, A. (2024, November 27). *Federal funding cuts to Medicaid may trigger automatic loss of health coverage for millions of residents of certain states*. Georgetown University Center for Children and Families.

<https://ccf.georgetown.edu/2024/11/27/federal-funding-cuts-to-medicaid-may-trigger-automatic-loss-of-health-coverage-for-millions-of-residents-of-certain-states/>

corporations in Maryland shrink the apportionment amounts owed to the state and shift away profits that could be taxed for the state's benefit.⁷ This is unfair not only to Maryland individuals and families but also to small businesses, which do not have the resources to exploit these loopholes and are left subsidizing some of the world's largest multinational corporations.

Fair Share for Maryland will ensure that the state's economy is set up for success. We cannot grow our economy if we cut back on things like child care, the Blueprint, higher education, support for people with disabilities, and other services that uplift Maryland workers of today and tomorrow and our most vulnerable neighbors. Maryland's workers and small businesses make these services possible. The largest corporations that earn profits in the state should contribute a fair share to the state's infrastructure, just as its workers and small business owners have done and will continue to do.

Fair Share for Maryland will expand the Child Tax Credit (CTC) and Earned Income Tax Credit (EITC), and lower taxes for more than 1 million hardworking

Marylanders. Fair Share for Maryland will ensure that most Marylanders do not experience tax increases and that the bottom 80% — those making \$165,000 or less — will receive tax cuts and benefits.⁸ The CTC and EITC have been proven to reduce poverty — especially child poverty. Research further shows that the income from these credits leads to improved school performance and increased work effort in adulthood, which benefits individuals, families, and the state in the long term.⁹

Governor Moore's proposed budget is a good opening offer, but Maryland needs better terms — large corporations paying a fair share, a more equitable income tax structure, and vulnerable communities having the services they need and deserve for a thriving Maryland economy.

Social Work Advocates for Social Change urges a favorable report on HB 1014.

Social Work Advocates for Social Change is a coalition of MSW students at the University of Maryland School of Social Work that seeks to promote equity and justice through public policy, and to engage the communities impacted by public policy in the policymaking process.

⁷ Griswold, D. (2024, February 22a.). *Worldwide combined reporting would end corporate tax avoidance in states*. Center on Budget and Policy Priorities.

<https://www.cbpp.org/research/state-budget-and-tax/worldwide-combined-reporting-would-end-corporate-tax-avoidance-in>

⁸ Fair Share Maryland. (2024). *Fair Share for Maryland: Overview*.

https://fairsharemaryland.org/wp-content/uploads/Fair-Share-for-MD_Overview_012324.pdf

⁹ Center on Budget and Policy Priorities (May 2016). *Chart Book: The Earned Income Tax Credit and Child Tax Credit*.

<https://www.cbpp.org/research/chart-book-the-earned-income-tax-credit-and-child-tax-credit>