

HB1014_Mikkyo McDaniel_FAV

2/18/2025

Mikkyo McDaniel
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TESTIMONY ON HB1014 - POSITION: FAVORABLE

The Fair Share for Maryland Plan

Commented [1]: Looks great!

TO: Chair Guzzone, Vice Chair Rosapepe, and members of the Budget and Taxation Committee

FROM: Mikkyo McDaniel

My name is Mikkyo McDaniel, and I am a resident of District 43B in Baltimore, Maryland. I am submitting this testimony in support of the Fair Share for Maryland Plan (HB1014).

I am writing in strong support of The Fair Share for Maryland Plan. As our state faces a staggering budget shortfall, projected to reach \$2.7 billion by the 2026 fiscal year, we cannot afford to continue down the path of an upside-down tax system that disproportionately burdens working families while allowing the wealthiest among us and large corporations to avoid paying their fair share.

The reality is that Maryland's current tax system favors multi-state and multinational corporations, as well as the wealthiest 1%, many of whom stand to benefit even more from the proposed tax cuts under the incoming federal administration. While these wealthy households and large corporations thrive, our schools, healthcare, transportation, and workforce suffer. This creates a deeply concerning disparity—one that threatens not just our economy but the well-being of everyday Marylanders who rely on these services.

The Fair Share for Maryland Plan seeks to reverse these inequities by raising more than \$1.6 billion, which will be used to invest in the essential services our communities depend on, like education, healthcare, and public infrastructure. These investments are not just necessary for the health of our state, they are the building blocks for long-term growth and prosperity.

Importantly, this plan focuses on putting more money back into the hands of those who need it most. Expanding the Child Tax Credit and modestly increasing eligibility for the Earned Income Tax Credit will provide a lifeline to low- and moderate-income families, helping them keep up with the rising cost of living. In fact, over 1 million Marylanders with family incomes of \$106,000

or less will receive a tax cut, which is an important step in ensuring that the middle class can thrive in our state.

At the same time, The Fair Share for Maryland Plan is committed to ensuring that corporations, especially the largest ones, pay their fair share. By closing corporate tax loopholes, including the LLC loophole that allows the biggest businesses to avoid paying any state corporate income taxes, we can begin to level the playing field and ensure that local businesses, which are vital to our economy, are not unfairly disadvantaged. These loopholes have been costing Maryland billions of dollars, money that could be used to improve the quality of life for all of us.

I have friends who own local businesses, and I've seen how hard they work to stay competitive in a market where large corporations often take advantage of loopholes to avoid paying their fair share of taxes. The Fair Share for Maryland Plan would level the playing field, ensuring that big corporations contribute equally, which would give small business owners like my friends a fairer shot at success and help foster a more thriving, equitable local economy.

Perhaps most crucially, the plan holds the wealthiest 1% accountable by ensuring that households earning \$775,000 or more pay a fair share in taxes. This measure would increase their taxes by less than 1% of their income—an amount that is far less than the benefits they've received from the current system. Additionally, a 1% surtax on capital gains will help offset the preferential treatment that these gains receive at the federal level, bringing Maryland's tax system into alignment with the needs of the people it serves.

The Fair Share for Maryland Plan also addresses tax fraud, which costs our state an estimated \$3 billion annually. By increasing the number of auditors in the Comptroller's Office, we can begin to close the loopholes that allow fraud to persist, further strengthening our state's financial foundation.

In a state as prosperous as Maryland, it's time to ensure that all residents contribute fairly to the well-being of our communities. The Fair Share for Maryland Plan is an important step in creating a tax system that serves everyone—working families, local businesses, and yes, even those at the very top. I urge you to support this plan and make the necessary investments in the future of Maryland.

I respectfully urge this committee to return a favorable report on HBI014.