



House Bill 151

County Income Tax - Rate and Income Brackets - Alterations

MACo Position: **SUPPORT**

To: Ways and Means Committee

Date: January 30, 2025

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** HB 151, which enables county governments to implement equitable local income tax structures tailored to community priorities. This modest yet meaningful adjustment offers counties flexibility to adopt policies that balance fiscal stability with meaningful tax relief for low- and moderate-income households.

MACo consistently advocates for local self-determination, emphasizing that elected county leaders, accountable to their communities, are best positioned to tackle unique fiscal and policy challenges. Accordingly, HB 151 empowers counties to design revenue systems that meet local priorities while sustaining essential services like education, public safety, and infrastructure.

In 2021, the General Assembly authorized counties to implement bracket-based local income taxes to advance equity. However, for more than two-thirds of Maryland residents living in counties with the maximum 3.2% rate, this reform has not been fully accessible. Without the flexibility to exceed the cap under limited circumstances, counties cannot provide targeted relief to working families or residents on fixed incomes while remaining revenue neutral.

HB 151 raises the cap to 3.7% for taxable income exceeding \$250,000 for individual filers and \$300,000 for joint filers. This targeted adjustment enables counties to adopt equitable tax structures that deliver relief to those who need it most while directing any additional revenue to public education and transportation, as outlined in the bill.

MACo is working with the bill sponsor to ensure the prescribed income brackets align with local needs. This minor adjustment will provide flexibility while preserving the bill's focus on equitable and effective local tax policies for counties that have already implemented tailored bracketed systems.

HB 151 empowers counties to implement fair and balanced tax policies while safeguarding vital services. As such, MACo urges the Committee to issue a **FAVORABLE** report on HB 151.