



Maryland Municipal League  
*The Association of Maryland's Cities and Towns*

# TESTIMONY

February 20, 2025

**Committee:** House Ways and Means Committee

**Bill:** HB 1005 – Income Tax – Tips or Gratuities – Subtraction Modification

**Position:** INFO

**Reason for Position:**

The Maryland Municipal League appreciates the intent of subtraction modification legislation and the impact it can have on businesses and residents. However, we do believe it is important to highlight that such bills have a trickle-down impact on municipal governments, which receive 17% of the local income tax from their residents.

Local governments are better positioned for success when their revenue sources are consistent, and they have opportunities to balance the scales with local consideration. This is why MML has long advocated for optional local tax credits versus state mandates or subtraction modifications. Similarly, we would advocate for state tax credits in lieu of subtraction modifications to meet the goals of the proposed legislation.

We ask you to keep this in mind when considering HB 1005. For more information, please contact Justin Fiore, Deputy Director of Advocacy and Public Affairs, at [justinf@mdmunicipal.org](mailto:justinf@mdmunicipal.org). Thank you in advance for your consideration.

*The Maryland Municipal League uses its collective voice to advocate, empower and protect the interests of our 160 local governments members and elevates local leadership, delivers impactful solutions for our communities, and builds an inclusive culture for the 2 million Marylanders we serve.*

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