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TESTIMONY ON HB#/0151- POSITION: FAVORABLE

County Income Tax - Rate and Income Brackets - Alterations

TO: Chair Atterbeary, Vice Chair Wilkins, and members of the Way and Means Committee

FROM: Richard Keith Kaplowitz

My name is Richard Keith Kaplowitz. I am a resident of District 3, Frederick County. I am submitting this testimony in support of HB#/0151, Task Force on Education Funding and Student Population Growth

The economy in Maryland, while strong, is expected to have significant headwinds in 2025. The population in Maryland faces increases in food costs, partially affected by avian flu, which meant I paid on Sunday, January 12, 2025, \$6.19 for one dozen eggs. As reported in the Kiplinger Report “Property owners in the Old Line State are getting an unfortunate New Year’s present: property value assessments are increasing, some as high as 38%.”¹ The deficit in Maryland, which could be ameliorated by passage of the Fair Share Act, means an increased burden on the budgets of Maryland residents.

This bill is an attempt to cap the tax rates in an effort to mitigate the effects of these economic factors and provide help to stressed taxpayers. The bill will alter, subject to certain limitations, the maximum tax rate that a county may impose on an individual's Maryland taxable income. It projects limiting the number of brackets that a county that imposes the county income tax on a bracket basis may set. It will require a county that imposes the county income tax on a bracket basis to use certain income bracket thresholds. It is future forward such that this Act will apply to taxable years beginning after December 31, 2026.

Setting this for future tax years will allow the General Assembly to determine impacts from this year’s budget and actions at the Federal level and make any needed adjustments in the session in 2026. Because of this preparation for the future Maryland will be in a position to help its taxpayers deal more effectively with any future financial difficulties.

I respectfully urge this committee to return a favorable report on HB#/0151.

¹ <https://www.kiplinger.com/taxes/maryland-property-tax-assessment-what-it-means-for-you>