

January 30, 2025

The Honorable Vanessa E. Atterbeary
Chair, Ways and Means Committee
130 Taylor House Office Building
Annapolis, Maryland 21401

RE: HB151 County Income Tax - Rate and Income Brackets - Alterations

Dear Chair Atterbeary:

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion surrounding County Income Tax - Rate and Income Brackets - Alterations. MBIA **Opposes** the Act in its current version.

HB151 would alter, subject to certain limitations, the maximum tax rate that a county may impose on an individual's Maryland taxable income, would limit the number of brackets that a county that imposes the county income tax on a bracket basis may set and require a county that imposes the county income tax on a bracket basis to use certain income bracket thresholds. The key provision allows counties to raise their income tax rates up to 3.7 percent (beginning in 2027) while keeping the lowest allowable rate constant at 2.25 percent. Currently, the highest statutory tax rate stands at 3.2 percent.

While, HB151 would enhance local tax autonomy and support the provision of local public services the bill itself is quite complex, and would be problematic for certain. The proposed bill makes the tax code more complex and less neutral. Essentially, the only way to raise the local tax rate above the 3.2 percent threshold is by adopting a progressive county tax code. Finally, while no local tax authority will result in equal geographic distributions, much of the revenue benefit from new tax authority over high earners would be centralized in a handful of jurisdictions

For these reasons, MBIA respectfully requests the Committee give this measure an unfavorable report. Thank you for your consideration. For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the House Ways and Means Committee