



**Committee: Ways and Means**

**Testimony on: HB 1014 Fair Share Act for Maryland 2025**

**Position: Support**

**Hearing Date: February 20, 2025**

It is virtually inevitable that new revenue will be needed to fully close the State's expected budget gap. HB 1014, the Fair Share Act for Maryland 2025, represents one serious proposal to provide that revenue. The Maryland Chapter of the Sierra Club supports the intent of the bill and its recognition of equity objectives both in the design of its tax provisions and attention to the needs of the transportation system in its goal of addressing the state's overall fiscal balance.

In December 2024 the Department of Legislative Services reported a historic \$2.95 billion state budget gap for FY 2026, which is greater than any shortfall in the last 20 years. This shortfall is expected to grow worse under the policies of the new federal administration.

The Maryland Fair Share Act would raise more than \$1.6 billion to help fund education, health care, transportation, and the state workforce. The legislation would cut taxes for more than 1 million Marylanders with a family income of \$80,000 or less, expand the Child Tax Credit, and close corporate tax and LLC loopholes. It would raise income taxes for high-income filers, both through increased tax rates and an investment income tax. It would also roll back the estate tax exemption from \$5 million to \$2 million.

The bill would also apply a 2.5% corporate transportation fee on companies with more than \$10 million in annual profits. This money would be allocated to the Transportation Trust Fund. In September 2024, MDOT indicated there was a \$1.3 billion budget shortfall for the FY 2025-2030 transportation budget compared to the previous year's budget. While MDOT's Final Consolidated Transportation Program proposes a funding package that would raise \$420 million annually for key transportation programs, this funding still falls short of what is needed to address the full State of Good repair backlog for the Maryland Transit Administration (MTA), the legislative requirements for MTA's transition to Zero-Emission Buses, adjusted funding levels needed to support WMATA's capital needs, and expanding the state's public transit system, including the Baltimore Red Line project.

The Maryland Department of Environment (MDE) estimates that the public sector may need to invest \$1 billion annually to implement Maryland's 2023 Climate Pollution Reduction Plan. MDE indicated these policies will generate up to \$1.2 billion in public health benefits, \$2.5 billion in increased personal income, and a net gain of 27,400 jobs between now and 2031 as compared with current policies. Additional revenue is needed to support healthier communities and sustainable growth, and mitigate the impacts of climate change in Maryland. For these reasons, the Maryland Chapter urges the Committee to give careful consideration to HB1014 as it works to close the state's budget gap.

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