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Government, Labor, and
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THE MARYLAND HOUSE OF DELEGATES
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SPONSOR TESTIMONY IN SUPPORT OF HB0926
INCOME TAX - INDIVIDUAL ITEMIZED DEDUCTIONS - ALTERATIONS

Delegate Sheila Ruth
February 26, 2026

House Bill 926 protects Maryland from revenue loss caused by an increase in the State and Local Tax (SALT) deduction cap enacted in 2025's federal H.R.1, also known as the One Big Beautiful Bill Act (OBBBA).

Historically, the SALT deduction allowed taxpayers to deduct what they paid in state and local taxes from their itemized federal tax return. Maryland's tax deductions are tied to the federal deductions, so Maryland allows residents to claim SALT deductions on their state returns (though this only applies to property taxes, not income taxes).

The 2017 federal Tax Cut and Jobs Act capped the SALT deduction at \$10,000. Since Maryland's SALT deduction does not include state and local income tax paid like the federal government does, that means that in practice, anyone who paid more than \$10,000 in property taxes could only deduct \$10,000 from their Maryland state taxes.

The OBBBA increased that cap to \$40,000 for anyone with an income of up to \$500,000, (meaning that currently a Marylander paying, for example, \$12,000 in property taxes and \$10,000 in income taxes can deduct \$22,000 total from their federal return and \$12,000 from their state return). This primarily benefits only a small number of wealthy individuals who own high value property, not the average Maryland property owner, while depriving the state of much needed tax revenue.

HB926 decouples Maryland from the increased SALT cap in the OBBBA, restoring the state's own SALT cap to the \$10,000 enacted in 2017. Most Marylanders will be unaffected by the change, as the majority of Marylanders who pay less than \$10,000 in property taxes will still be able to deduct the full amount of their property taxes if they itemize deductions (meaning that same taxpayer could still deduct \$22,000 from their federal return and \$10,000 from their state return). Only wealthier property owners who pay more than \$10,000 in property taxes will have the deduction capped at the lower value on their state taxes.

Maryland is currently facing difficult budget decisions, in large part due to changes coming out of Washington, DC. Every budget cut hurts someone. As a state, we should do what we can to insulate ourselves from the impact of those changes as much as possible in order to continue to

fund the services that Marylanders rely on. Maintaining the SALT cap at its current level is one way to do that. Several other states, including California, Arizona, and Idaho, have either decoupled from the tax changes in the OBBBA or declined to couple at all.

I ask for a favorable report on HB926.

References:

[States Should Move Quickly to Chart Their Own Course on SALT Deductions](#)

[State and Local Tax \(SALT\) Deduction](#)

[SALT Deduction Changes in the One Big Beautiful Bill Act](#)

[Republican Megabill Tax Provisions Are Skewed to the Rich, Fail to Deliver for Families, and Are Fiscally Irresponsible](#)