



POSITION STATEMENT

TESTIMONY PRESENTED TO THE SENATE BUDGET & TAXATION COMMITTEE

**SENATE BILL 611 – INDIVIDUAL INCOME TAX – RATES AND RATE BRACKETS -
ALTERATIONS**

Sponsor – Senator Pinsky

February 24, 2021

**DONALD C. FRY
PRESIDENT & CEO**

GREATER BALTIMORE COMMITTEE

Position: Oppose

The Greater Baltimore Committee (GBC) opposes Senate Bill 611, which increase the Maryland income tax rate on taxable income over \$500,000. Under current law, the top income tax rate of 5.75% applies to any income earned in excess of \$250,000. The bill would create four new tax brackets as follows:

- 5.75% of Maryland taxable income of \$250,001 through \$500,000
- 6% of Maryland taxable income of \$500,001 through \$750,000
- 6.5% of Maryland taxable income of \$750,001 through \$1,000,000
- 7% of Maryland taxable income of \$1,000,001 through \$1,500,000
- 7.5% of Maryland taxable income in excess of \$1,500,000.

According to the Maryland Public Policy Institute, IRS tax migration data show that between 1992-2018, Maryland lost an average of about \$655 million in Adjusted Gross Income annually, as high-income earners left for friendlier tax climates, including Florida, Virginia, the Carolinas, and Pennsylvania. The Maryland Economic Development and Business Climate Commission released a report in 2016 which concluded that the state’s “tax structure is a detriment to [its] competitiveness in attracting and retaining businesses as well as in creating jobs and expanding the revenue base of the government itself.”

Raising income tax rate on high earning Marylanders is a significant risk as many may choose to move to other jurisdictions for lower tax rates. This group would have not only the incentive to move in order to lessen their tax burden, but they are also more likely than the average Marylander to have the flexibility to make such a move. In addition to losing the current Maryland taxpayers’ income tax revenues there would also be a corresponding loss of philanthropic and non-profit support.

For these reasons, the Greater Baltimore Committee urges an unfavorable report on Senate Bill 611.

The Greater Baltimore Committee (GBC) is a non-partisan, independent, regional business advocacy organization comprised of hundreds of businesses -- large, medium and small -- educational institutions, nonprofit organizations and foundations located in Anne Arundel, Baltimore, Carroll, Harford, and Howard counties as well as Baltimore City. The GBC is a 66-year-old, private-sector membership organization with a rich legacy of working with government to find solutions to problems that negatively affect our competitiveness and viability.

GREATER BALTIMORE COMMITTEE

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