



March 21, 2012

The Honorable Sheila E. Hixson
Ways and Means Committee
House Office Building, Room 131
Annapolis, MD 21401 - 1912

RE: HB 1346 Graduated Income Tax Reform - **Oppose**

Dear Delegate Hixson:

This bill would alter the rates and brackets for the state individual income tax. Increased rates of taxation would be imposed for incomes above \$30,000, up to an additional 2% tax imposed on incomes over \$1 million. The Legislative Committee of the Carroll County Chamber of Commerce opposes HB 1346 as a bill that would increase income taxes on small business owners.

The Department of Legislative Services reports that Maryland has the 2nd highest state and local income tax revenue as a percent of personal income. Maryland's top marginal tax rate of 8.7% is above the rates of our neighboring states (D.C. 8.5%; DE 6.91%; WV 6.5%; VA 5.75%; PA 3.85%). This tax falls disproportionately on small business owners, who are the backbone of the Maryland economy and major providers of employment to our citizens. Increasing the income tax rate by the state will increase the burden on these providers of goods and services, making it more difficult to operate a business in our state.

If we want to encourage new business, foster business growth and retain current businesses, we need to look for other ways to meet budget shortfalls. The volume of new taxation bills is beyond troubling. These signs indicate that there is a lack of political will to make difficult budget choices including cutting expenditures and instead place the burden on the backs of those who provide jobs, goods and service to Maryland.

For these reasons, we ask that your committee give HB 1346 an unfavorable report.

Sincerely,

A handwritten signature in black ink that reads 'Michael McMullin'.

Michael McMullin
President
Carroll County Chamber of Commerce

cc: Senator Joseph M. Getty
Delegate Susan W. Krebs