



House Bill 455

Income Tax Exemption Amount – Elderly Individuals

MACo Position: **OPPOSE**

Date: February 25, 2016

To: Ways and Means Committee

From: Andrea E. Mansfield

The Maryland Association of Counties (MACo) **OPPOSES** HB 455. This bill increases the personal exemption for individuals 65 and older from \$1,000 to \$5,000 over four years beginning with tax year 2017. MACo is concerned with the fiscal effects of this legislation and would prefer approaches that provide local autonomy to determine the best way to provide these incentives, rather than those that mandate reductions in local revenue sources.

HB 455 is one of many bills that have been introduced this session to reduce or adjust the income taxes paid by residents of Maryland. According to the bill's fiscal note, local revenues would decline by \$14.8 million in fiscal 2018, increasing to \$66.2 million in fiscal 2021. This revenue effect, combined with that of other bills that have been introduced this session, is simply not affordable as a statewide county mandate and could present substantial budget difficulties.

MACo's preferred approach on this bill and other similar proposals is that it be enacted as a "local option." This would give counties maximum flexibility to achieve local goals and manage their budgets to provide needed services.

Counties welcome the chance to work with state policymakers to develop flexible and optional tools to create broad or targeted tax incentives, but resist state-mandated changes that preclude local input. For these reasons, MACo urges the Committee to give HB 455 an **UNFAVORABLE** report.