



House Bill 540

*Labor and Employment – Pre-Tax Transportation Fringe Benefit – Requirement
(Maryland Pre-Tax Commuter Benefit Act)*

MACo Position: **OPPOSE**

To: Economic Matters Committee

Date: February 13, 2018

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **OPPOSES** HB 540. This bill would require county governments to provide employees a structured opportunity to use pre-tax income to pay for certain workplace transportation costs.

Counties, as employers, generally prefer incentives to mandates to effect desirable policies. Counties, as tax collectors, are also concerned with the carryover county fiscal effect of this bill and would prefer approaches that provide local autonomy to determine the best way to provide tax incentives, rather than those that mandate reductions in local revenue sources.

According to the bill's fiscal note, local income tax revenues would decline by more than \$2 million per year. This is exacerbated by the fact that counties do not know yet just how federal tax reform, and the state reaction to it, will affect their revenues.

MACo suggests that consideration be given instead to providing state tax credits, which do not mandate the depletion of resources from all counties for education, public safety, and needed community services. State tax credits also afford a far greater range of effect to encourage employees to avail themselves of the new benefit.

Counties in their dual roles as employers and tax collectors object to proposals that mandate specific employer decisions, and potentially deplete local revenues without input by local elected officials. For these reasons, MACo **OPPOSES** HB 540 and urges the Committee to issue an **UNFAVORABLE** report.