

Women in Maryland Pay More in Taxes as a Share of Their Incomes

Because women in Maryland typically earn less than men, they are more likely to pay a higher percentage of their household income in state and local taxes. The state's highest-income households – more likely to be headed by men – pay a lower percentage of their yearly earnings in state and local taxes compared to middle-class and low-income households, which are more likely to be headed by women.

Women in Maryland, on average, earn more than their counterparts in all but one other state. Yet for every dollar women in Maryland earn, men on average earn 13 cents more¹ —a pay gap that leaves households headed by women thousands of dollars behind those headed by men. This means that the more than 1.4 million female workers in Maryland (49 percent of the workforce) tend to shoulder a larger burden than men do when it comes to supporting our schools, the construction of our roads, and other services.

When evaluating tax-related legislation, policymakers need to consider how their decisions may disproportionately affect the financial well-being of women and minorities. Focusing on the interests of all Marylanders means a tax system that meets the state's growing needs and does so in a way that that everyone pays their fair share.

Policymakers should take the necessary steps to address the state's flawed tax system, which relies too heavily on sales taxes, disproportionately burdening low-income households. Adopting a proposal similar to House Bill 240/Senate Bill 389, which was introduced but defeated during the 2015 legislative session, would be an appropriate action to take.

If passed, this bill would have lowered the tax rate on income for couples earning less than \$50,000 per year and individuals earning less than \$25,000, while slightly increasing taxes on the top 1 percent (those

SEXUAL ORIENTATION AND GENDER IDENTITY AFFECT PAY, TOO

A person's sexual orientation and gender identity can affect a worker's chances of earning equal pay. This means that lesbian, gay, bisexual and transgender individuals are also much more likely to be low-income and, therefore, pay a greater share of their income in taxes.

Families headed by same-sex couples earn significantly less on average than their heterosexual counterparts. The average household income for same-sex couples raising children is \$15,500, or 20 percent less than heterosexual couples².

Furthermore, transgender people in particular face significant economic challenges —15 percent of the population report making less than \$10,000 per year, resulting in a poverty rate that is nearly four times that of the general population.

1 Institute for Women's Policy Research. "The Status of Women in the States: 2015 – Employment and Earnings." March 2015. Available from - <http://www.iwpr.org/publications/pubs/the-status-of-women-in-the-states-2015-2014-employment-and-earnings>

2 Movement Advancement Project, Family Equality Council and Center for American Progress. "All Children Matter: How Legal and Social Inequalities hurt LGBT families." 2011. Available from <http://action.familyequality.org/site/DocServer/AllChildrenMatterFullFinal10212011.pdf?docID=2401>



making more than \$513,000). This change would have provided financial relief to between 77 and 92 percent of Maryland taxpayers. In addition, the legislation would have also raised about \$135 million for schools, roads, and safer communities.

Policymakers also need to address the gender imbalance by supporting measures to address the gender wage gap. A logical change would be to implement a policy that improves private sector wage transparency. The federal government has reduced the gender pay gap by making salary ranges for different positions public. A mandate requiring an annual list of salary ranges corresponding to the relative job positions would reduce the occurrence of wage discrimination, making offenses much more apparent.

Also, supporting initiatives that integrate women into higher-paying fields that are traditionally dominated by men, in addition to making legal tools more accessible to women who experience workplace discrimination, would also help to correct the imbalance.

How Gender Affects Tax Payments

Households headed by women — particularly those who are not married — have a significantly higher likelihood of being among the lowest-income households in the state. Men are more likely to head households that are among the richest. Low- and moderate-income households — those earning less than \$67,000 per year — pay the highest share of their incomes in state and local taxes, while Maryland households earning more than \$111,000 per year pay the lowest share of their household income in state and local taxes.

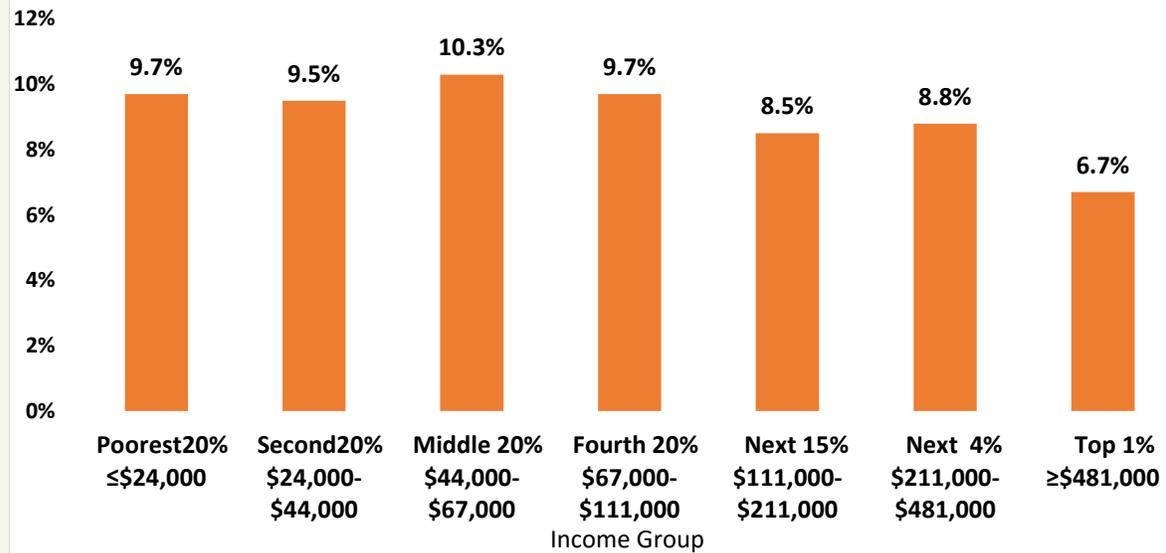
Overall, the breakdown of Maryland state and local taxes owed by income looks like this:

- Those with incomes below \$24,000 per year pay an average of 9.7 percent of their income in state and local taxes.
- The richest 20 percent of Marylanders—those earning more than \$111,000 per year—pay the lowest percentage of their household income in state and local taxes, compared to all other household income groups (approximately 8.6 percent).
- The richest 1 percent of Marylanders — those making at least \$481,000, and whose average income is \$1.6 million — pay only 6.7 percent of their income in state and local taxes, on average.
- Households headed by unmarried women are 23.4 percent more likely than those headed by unmarried men to make \$24,000 a year or less.
- By contrast, unmarried male-headed households are 31 percent more likely than those headed by unmarried females to make more than \$111,000. This group is the least taxed as a share of their income.
- Households headed by unmarried white men are more likely than any other unmarried group to make more than \$111,000. They are:
 - More than twice as likely as unmarried African American females-headed households to be in this income group.
 - 40.7 percent more likely than unmarried Hispanic female-headed households.
 - 36.2 percent more likely than unmarried white female-headed households.

As constructed, Maryland's state and local tax system asks the most of those least able to pay, limiting the ability of thousands of families to climb the income ladder and making it more difficult for women to close the income gap. Cultivating an environment where everyone can earn a fair wage also would boost Maryland's economy.

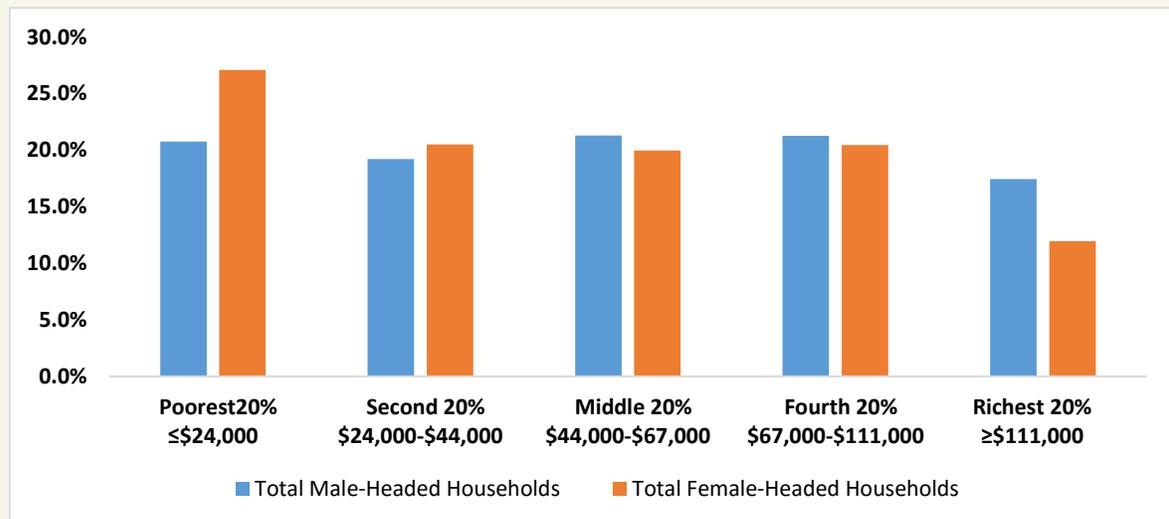
POOR PAY MORE IN TAXES AS SHARE OF INCOME

Maryland State & Local Taxes
As a Share of Family Income In 2015
Elderly Taxpayers Excluded



MEN MORE LIKELY TO BE AMONG HIGHEST EARNERS

Unmarried Male Households VS
Unmarried Female Households 2015



MINORITY WOMEN MUCH MORE LIKELY TO BE POOR THAN WHITE MEN

Unmarried Male Households VS
Unmarried Female Households 2015

