Maryland’s state budget provides the clearest reflection of our priorities as a state. Choices about where we invest our shared resources affect children’s education, economic security for families and communities, and public health and safety. These choices also have the potential to advance or to hinder racial, ethnic and other forms of equity in Maryland. Choices about how we raise the revenue to support the things our communities need can also worsen or improve the racial and economic inequality that exists in our state today.

Today, Maryland’s fiscal health is good, thanks to multiple rounds of pandemic relief funds coming to the state from the federal government. However, we must prepare for the challenges to come.

- Prior to the pandemic, our state was still facing a range of challenges and unmet needs following more than a decade of under-funded public services. The failure to restore funds cut during the Great Recession left many students attending schools without enough teachers and supportive services, caused local health departments to cut back on services, and reinforced barriers to accessing safe, affordable housing, among other challenges.
- Low-income and Black and Brown communities often see the greatest harm from lack of investment in the things our families need to thrive. For example, the cuts to education funding meant that by 2017, more than half of Black students in the state attended a school that had significantly less funding than the state’s own standards.
Recent Progress
Thankfully, the state is on the path to making better policy choices that will support thriving communities. For example, over the past year, we have:

- Made significant new investments in our schools, particularly those that have been left behind by past decisions to cut back on funding
- Provided significant economic relief to low- and moderate-income families and small businesses as they try to recover from the effects of the pandemic
- Passed a constitutional amendment and made other changes that will make the state’s budget process more transparent and accessible for Marylanders who want a say in how the policymakers invest our shared resources

Ongoing Needs
Once the federal relief funds run their course, we will still be left with a tax system that doesn’t provide adequate resources to fully support all of the things our communities need to thrive, like schools, public health, transportation, and environmental protections. Our tax system also reinforces inequities, benefitting the wealthy and powerful at the expense of everyone else.

- The wealthiest 1 percent of Marylanders pay a smaller share of their income in state and local taxes than everyone else.
- Large, profitable corporations are able to exploit loopholes in our tax code to reduce their Maryland tax responsibility. Each year, at least 50 of the largest corporations operating in the state pay zero income taxes, despite the roads, emergency services, and many other public resources they rely on to run their businesses.
- These policies overwhelmingly benefit white households, who are much more likely to have significant built-up wealth, at the expense of public investments that would benefit all of us.

For the last two years, Maryland legislators have considered but failed to act on a fair tax plan that would make our tax system more equitable and raise the resources we need to invest in our communities.

- A fair income tax, which would help fix our upside-down tax system by reducing taxes for low- and moderate-income families and asking the highest-income households to pay their fair share
- Closing corporate tax loopholes, as the majority of other states have already done, to ensure large, multi-state corporations contribute to the public services they benefit from and level the playing field for small, Maryland-based businesses
- Taxing income earned from built-up wealth more like income earned from work. There are a number of ways the federal and state tax system favors income earned from wealth, such as investments in the stock market, over income earned from work by taxing it at a lower rate. Proposals like restoring the tax on multi-million-dollar estates would help address this.

How have past state choices about investments in public services affected your community? Are there needs you see that aren’t being addressed? How might your community be different if we had a fair tax system that asks everyone to pay their fair share?