

First Massachusetts Now ???

By Gary Altman

The press was abuzz about the wealth or millionaire's tax this past weekend. Since the federal government won't tax millionaires, State legislators have taken up the issue. Seven states are working together to introduce bills or announce plans to increase taxes on the wealthy. While all the plans seem different, states need money and say the bills are necessary to address wealth inequality.

Several weeks ago, we posted a blog on Massachusetts, which is planning to move ahead with a millionaire's tax that voters approved in November. The new law increases the state's 5% income tax rate to 9% on annual income exceeding \$1 million. Several of these bills vary, but most are inspired by Senator Elizabeth Warren of Massachusetts's 2020 campaign for President.

A week ago, New York and Connecticut, along with California, Hawaii, Illinois, Washington, and Maryland legislators, introduced tax legislation to target the wealthy. California has taken it one step further by threatening a tax even if you leave the state. The states of California, Illinois, New York, and Washington are planning bills that would tax unrealized capital gains. Today, you are only taxed when stocks are sold. The highest earners pay a 20% tax on capital gains while paying a 37% tax on wages and income. Most of the wealth owned by the U. S's wealthiest households is from Wall Street.

Maryland will propose an extra 1 percent tax on top of the state income tax rate on certain capital gains. The legislature will propose a measure that would significantly affect a middle tier of rich people, not just the ultrarich lowering the exemption cutoff for the estate tax. In Maryland, families would owe taxes on inheritances over \$1 million rather than \$5 million, as is the case today.

While these 7 states are moving forward with higher taxes, 24 are moving to cut personal income tax rates, including Arkansas, Georgia, Michigan, Minnesota, Utah, and Wisconsin. Other

states are considering flat income tax rates, eliminating income taxes, or cutting property taxes to make their states more attractive.

Whether or not these proposals pass the "smell test" or States' constitutions, there is a movement about how the wealthy are seen in society. Should you live in Maryland, pay attention to what is proposed and passed in the legislature. To speak with us regarding your estate, call the attorneys at [301-468-3220](tel:301-468-3220) or [schedule a consultation](#).



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