

REPORT AND MEDIA RELEASE

April 18, 2022

**THIS TAX DAY, MARYLAND WORKING FAMILIES ARE PAYING
THEIR FAIR SHARE BUT MARYLAND BILLIONAIRES ARE NOT**

Much of \$11.6 Billion Pandemic Wealth Gain by Nine Maryland Billionaires May Well Go Untaxed, Making Case for Pres. Biden's Proposed Billionaires Income Tax

Passage of Billionaires Income Tax Could Deliver up to \$1.1 Billion a Year to Maryland if Distributed Like Current Federal Grants

Nine Maryland billionaires saw their wealth grow by \$11.6 billion (46%) while millions of working Marylanders struggled to survive during the past two years of the COVID pandemic, from March 2020 to April 5, 2022, according to Forbes data analyzed by Americans for Tax Fairness (ATF), the Maryland Fair Funding Coalition and Our Maryland. (See table below). Despite their increased wealth, it is likely that these billionaires paid little in federal income taxes on their corporate stock and other investment gains, unlike Maryland working families who pay taxes in each paycheck. Maryland's billionaires now have nearly \$40 billion in assets.

Because of loopholes in current law, billionaires often pay little or no federal income tax. An exposé last year by *ProPublica* based on IRS data revealed that Elon Musk, Jeff Bezos and other top [billionaires paid zero federal income tax](#) in several recent years. It determined that the top 25 billionaires paid just a 3.4% tax rate between 2014 to 2018 when the growth in their wealth is counted as income. White House economists have determined the nation's 400 richest billionaires [paid a tax rate of only 8.2%](#) over a recent nine-year span when the increased value of their corporate stock alone was counted as income. Meanwhile, the average federal income-tax rate [for all taxpayers was 13.3%](#) in 2019.

Billionaires and other very wealthy people generate wealth through corporate stock and other investments, but they can avoid paying income taxes on the growth of their investments because the rising value of their investments is not taxed unless those assets are sold. The very wealthy [do not need to sell their assets](#) to turn the increasing value of their wealth into cash income; instead, they use their swelling fortunes to secure special low-interest loans allowing them to live lavishly without paying income taxes. Moreover, a lifetime of such income growth from assets can be [passed onto the next generation tax free](#).

Congress can close this massive tax loophole through a billionaires income tax, such as [proposed recently by President Joe Biden](#) and earlier by Sen. Ron Wyden (D-OR), the [Senate's chief tax writer](#). A comparison of the two proposals can be found [here](#).

Both proposals would tax investment gains of the ultra-rich more like the wages of workers are taxed now. Requiring billionaires to pay a fairer share on the growth in value of their assets would make the tax system more equitable and generate revenue that would greatly benefit the economy and increase services and opportunities for millions of Americans.

The public overwhelmingly favors a billionaires income tax: 64% of respondents in a recent [national poll](#) supported Senator Wyden’s plan. (President Biden’s plan was not tested in this poll.)

| Name | Net Worth Mar. 18, 2020 (\$ Millions) | Net Worth Apr. 5, 2022 (\$ Millions) | 24 Month Wealth Growth (\$ Millions) | 24 Month % Wealth Growth |
|-------------------|---|--|--|-----------------------------|
| MARYLAND | \$25,000 | \$39,626 | \$14,626 | 58.5% |
| Mitchell Rales | \$3,700 | \$6,163 | \$2,463 | 66.6% |
| Stephen Bisciotti | \$4,200 | \$6,049 | \$1,849 | 44.0% |
| Ted Lerner | \$3,700 | \$4,644 | \$944 | 25.5% |
| Jim Davis | \$2,600 | \$4,544 | \$1,944 | 74.8% |
| David Rubenstein | \$2,800 | \$4,167 | \$1,367 | 48.8% |
| Dan Snyder | \$2,600 | \$3,997 | \$1,397 | 53.7% |
| Bernard Saul II | \$2,900 | \$3,852 | \$952 | 32.8% |
| Keith Dunleavy* | N/A | \$1,674 | N/A | N/A |
| Kevin Plank | \$1,100 | \$1,623 | \$523 | 47.5% |
| Theodore Leonsis | \$1,400 | \$1,573 | \$173 | 12.3% |
| Anthony Casalena* | N/A | \$1,340 | N/A | N/A |

Source: Forbes data from March 18, 2020, and April 5, 2022, analyzed by Americans for Tax Fairness and available [here](#).

*Since there is no data on the assets of Keith Dunleavy and Anthony Casalena in March 2020, they have been excluded from the analysis of pandemic wealth gains by Maryland billionaires (which would have been even higher).

The billionaires income tax proposed by President Biden would [raise about \\$361 billion](#) over 10 years and the version proposed by Sen. Wyden would raise \$557 billion over 10 years.

Nationally, it could do a great deal to help [lower costs for working families](#) by funding access to affordable healthcare and lower housing costs, ensuring the expanded Child Tax Credit benefits that recently expired could be extended for another four years, significantly lower the cost of childcare for working families and more.

If that revenue were distributed to the states based on historical levels of federal grants to state budgets, Maryland [could gain](#) from \$740 million to \$1.1 billion a year for 10 years, respectively, from the Biden and Wyden billionaires tax plans. This is based on budget data from the National Association of State Budget Officers. Between 2019 and 2021, federal grant funds made up an average of about 35% of Maryland’s state budget.

Maryland State Senator Paul G. Pinsky - a leader on state tax fairness efforts targeting loopholes and preferences for large corporations and the wealthiest individuals - stated:

“These billionaires benefit from the fruits of their workers and utilize the state’s infrastructure, like roads, bridges and schools, paid for by the taxes of working families. They have more than an obligation to pay back a sizable amount from their grotesque wealth. It should be the law.”

Federal grant funds to states [pay for numerous programs and services](#): healthcare (Medicaid and CHIP), childcare, food and nutrition (SNAP, WIC), education (Head Start, Title I and IDEA), housing, transportation (highways, airports, and mass transit), public safety and much more. These funds represent nearly one-third of state budgets on average. Additional funds generated by a billionaires income tax could be used to lower costs to the state’s working families for vital services like healthcare, childcare and housing.

The potential of \$740 million to \$1.1 billion a year in federal grants [would add about](#) 1.5% to 2.3% to the state’s budget, respectively, based on an average of the state’s budgets between 2019 and 2021. This level of additional funds is equivalent to the state foregoing an entire year’s worth of state revenues from fuel taxes or the amount Maryland plans to spend in the next budget year to upgrade, remodel, and construct dozens of school buildings across the state.

“Marylanders understand that our tax system is inherently unfair and they want their elected leaders to do something about it,” said Kevin Slayton, Campaign Manager for the Maryland Fair Funding Coalition, a coalition of more than two dozen organizations working to ensure the state has the resources to provide the things families need to thrive.” “It’s time to close loopholes from the federal level on down that benefit the wealthy few at the expense of investments in our communities.”

“The failure to tax increases in billionaire wealth from skyrocketing corporate stock and other investments is the worst loophole in our loophole-ridden tax code. Workers pay tax on their income all year, every year. Simple justice demands that billionaires do the same,” said Frank Clemente, executive director of Americans for Tax Fairness. “Congress should close this loophole in the legislation members are now negotiating to help families cope with rising prices and make major investments in clean energy, all paid for by more fairly taxing the rich and corporations.”

Over the two years since the national COVID emergency was announced in March 2020, the wealth of America’s billionaires has climbed by \$2 trillion, or 70%, to a total of \$5 trillion, as of April 5. The total number of billionaires has increased from 614 to 741. [\[See national table\]](#) Among the notable increases in wealth:

- Elon Musk: The driving force behind Tesla and SpaceX saw his wealth skyrocket by over 11-fold, or \$266 billion, to settle at \$290 billion.
- Jeff Bezos: The man who started Amazon is now worth nearly \$190 billion, after a \$77 billion leap in wealth during the pandemic.

- Larry Page and Sergei Brin: The Google co-founders saw their wealth climb more than 133% to \$119 billion and \$114 billion now, respectively.

This billionaires' bonanza has played out against pandemic suffering in Maryland and the rest of the country. More than 1 million Maryland residents have contracted COVID-19 during the pandemic and more than 14,000 Marylanders have died. Many small businesses have closed, daily life has been disrupted and the cost of everything from housing to gas has consumed a greater share of household incomes. Although prompt and ample federal action prevented much worse economic consequences from COVID and helped to speed recovery, businesses and families will once again face perils as many of these interventions have expired or will expire shortly.

Millions of families, for instance, could face [steep increases in healthcare premiums or loss of insurance coverage](#) in the second half of this year as pandemic responses fall away:

- **Medicaid Coverage:** Early in the pandemic, as millions of Americans lost jobs and healthcare coverage, Congress passed the bipartisan Families First Coronavirus Response Act that covered many more people. The federal government increased matching funds to states and ensured that Medicaid enrollees would be continuously covered through the duration of the public health emergency. Once the public health emergency expires—which it is expected to do this year—as many as [13 million people could lose health coverage](#) over the next 12 months. In Maryland about 190,000 of the state's 1,414,000 [Medicaid patients](#) could lose their coverage, according to an Urban Institute study (see table 2).
- **Affordable Care Act (ACA) Coverage:** Congress and the Biden Administration also took action to make private insurance more affordable during COVID by passing the American Rescue Plan, which provided enhanced premium assistance to help more people buy ACA coverage. This resulted in [record high enrollment](#) in insurance marketplace plans this year. However, the enhanced premium assistance that saved individuals over \$800 last year, will expire at the end of 2022 if Congress does not take action. This will price [millions nationwide out of coverage](#), among them many of the roughly 166,000 [ACA policy holders](#) in Maryland.

Continuing affordable healthcare coverage for millions of America's working families [would cost about \\$50 billion a year](#). That cost could be covered by Sen. Wyden's tax on just the nation's 700 or so richest households, preventing hundreds of thousands of Maryland residents from losing health care.

Larry Ottinger, president of Our Maryland, the state's largest online platform for promoting a just and sustainable future, noted: "It is immoral and a sign of a rigged tax system that a few billionaires get off paying a much lower effective tax rate on their skyrocketing wealth than millions of hard-working Marylanders on their earned wages." "It is simply wrong that Congress enriches someone like Maryland billionaire David Rubenstein by protecting his special interest

tax loophole, while federal inaction threatens ordinary Marylanders with losing vital healthcare coverage and Child Tax Credit support.”

Maryland organizations are calling on the state’s congressional delegation to support enactment of a billionaires income tax like those proposed by President Biden and Senator Wyden. As Congress prepares to debate a package that will include some tax increases for the wealthy, as well as possibly lower drug prices for working families, local advocates are asking every Member of the Maryland delegation to [endorse a resolution](#) calling for billionaires to start to pay their fair share.

Current proposals to create a billionaires income tax represent a historic change in direction away from decades of proliferating tax breaks and wider loopholes for the wealthy that have contributed to a growing wealth gap between the nation’s ultra-rich families and everyone else. President Trump’s 2017 Tax Cuts and Jobs Act (TCJA), the last major tax legislation passed by Congress, provided \$1.9 trillion in tax giveaways [mainly to the rich and corporations](#) while working and middle income families saw few benefits.

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