



February 11, 2020

The Honorable Anne Kaiser
Chair, House Ways and Means Committee
Room 131, House Office Building
Annapolis MD 21401

RE: House Bill 123 – Taxes – Election for Pass -Through Entities

Dear Chair Kaiser and Members of the Ways and Means Committee:

The International Council of Shopping Centers (ICSC) is the trade organization representing the shopping center industry. Worldwide, the organization maintains almost 70,000 members. In Maryland, ICSC represents the interests of almost 1,900 shopping centers in every county and municipality in the State.

With respect to House Bill 129, Taxes – Election for Pass -Through Entities (PTE), our membership wholeheartedly supports the concept of equalizing the playing field for small businesses which are typically PTE with corporations for federal tax purposes. This legislation would reverse the penalties enacted in the 2017 tax legislation authored by the Trump Administration that capped the federal deduction for State and Local Taxes paid at \$10,000.

The establishment of a cap for State and local taxes placed Maryland small business owners at a disadvantage versus individuals residing in other states that may not have income and property taxes. House Bill 129 would reset Maryland law in accordance with Internal Revenue Service (IRS) standards to allow PTE to pass along credits to small business owners for federal taxes purposes for taxes paid at the State and local levels.

This is a way for Maryland to equalize the tax burden on residents vis-à-vis other states, while having no impact on State revenues. Under this bill, Maryland tax revenue would remain neutral. It would only impact the tax liability of small business owners at the federal level which balances the inequity established under the Trump Administration's 2017 tax legislation.

The membership of ICSC urges a favorable report.

For additional information or if you have questions, please contact Sushant Sidh at 410-268-3099.

