

January 28, 2020

The Honorable Anne R. Kaiser
Ways & Means Committee
House Office Building, Room 131,
6 Bladen St., Annapolis, MD, 21401

RE: Opposition to HB 357 (Income Tax – Pass-Through Entity – Additional Tax)

Dear Chairwoman Kaiser:

The Maryland Building Industry Association, representing 1,100 member firms statewide, appreciates the opportunity to participate in the discussion surrounding HB 357 Income Tax – Pass-Through Entity – Additional Tax. MBIA Opposes the Act in its current version.

This bill would impose a 4% tax on pass through incomes of over 1 million dollars. MBIA opposes this measure for economic reasons. The establishment of pass through entities was meant to reduce the tax burden of small businesses in order to incentivize taking a risk to establish a business. This bill would now punish those people that spent their own personal time and money establishing a successful business on the assumption that they would reap the promised benefits. This tax would disincentivize people from making those decisions in the future because of the reduced reward potential. This legislation would put Maryland at a competitive disadvantage from other states and may encourage businesses to leave the State.

For these reasons, MBIA respectfully requests the Committee give this measure an unfavorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the House Ways & Means Committee