HB 1446

Department of Legislative Services

Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1446 (Delegate Amprey)
Ways and Means

Income Tax - Credit for Businesses Relocating From Another State (Come to Maryland Act)

This bill establishes a nonrefundable income tax credit for qualified business entities that relocate their headquarters and bases of operations to the State and that are or were receiving financial incentives in their home states. The Department of Commerce must (1) administer the tax credit application and approval process; (2) to the extent practicable, issue tax credit certificates to eligible qualified business entities in amounts comparable to the financial incentives received in their home states; (3) annually set a limitation on the aggregate amount of tax credit certificates that may be issued; and (4) adopt program regulations. Any unused amount of credit stated on a tax credit certificate may be carried forward to the immediately following tax year. Commerce must report to the Governor and the General Assembly by December 1, 2028, on program activity. The bill also establishes a Business Relocation Council. **The bill takes effect July 1, 2025, applies to tax years 2025 through 2029, and terminates June 30, 2030.**

Fiscal Summary

State Effect: General fund revenues decrease by a potentially significant amount beginning in FY 2026. To the extent credits are claimed against the corporate income tax, Higher Education Investment Fund (HEIF) revenues and Transportation Trust Fund (TTF) revenues and expenditures also decrease. General fund expenditures may increase beginning in FY 2026, as discussed below.

Local Effect: Local highway user revenues may decrease beginning in FY 2026 to the extent credits are claimed against the corporate income tax.

Small Business Effect: Minimal.

Analysis

Bill Summary:

Tax Credit Eligibility

To be eligible for the tax credit, a qualified business entity must submit an application that demonstrates that:

- the qualified business entity's home state, through official state action, has adopted a new public policy position that (1) poses a possible humanitarian crisis based on political or personal beliefs; (2) adversely affects or threatens the economic or social livelihood and well-being of the qualified business entity's employees and their families; and (3) adversely affects or threatens work performed by the qualified business entity to specifically assist underserved or historically underrepresented communities and other similarly situated groups; and
- the qualified business entity (1) is receiving a financial incentive in its home state (such as an income tax credit, a grant, a low-interest loan, or other similar incentive); (2) intends to relocate imminently or has recently relocated its headquarters and base of operations to the State; and (3) is committed to maintaining its headquarters and base of operations in the State for at least two years, as specified.

When reviewing an application, Commerce must establish a deadline by which a qualified business entity that intends to relocate to the State must complete the relocation. The department may revoke a tax credit certification if any representation in connection with the application is determined to have been false when made or if the qualified business entity fails to relocate to the State as indicated. In the case of a revoked tax credit certification, the Comptroller may make an assessment against the qualified business entity to recapture any amount claimed.

Business Relocation Council

The Business Relocation Council is tasked with advertising the income tax credit to other states nationwide and establishing subcommittees as necessary to address or study related issues. A member of the council may not receive compensation but is entitled to reimbursement for expenses under the standard State travel regulations. The council must report to the Governor and the General Assembly by December 31, 2028, on its efforts.

Current Law: Commerce administers a number of tax incentive programs for businesses. For information regarding these incentives and other economic development programs administered by Commerce, see "Chapter 13. Economic Development and Business

Regulation" of *Volume II – Government Services in Maryland* of the 2022 Legislative Handbook Series.

State Fiscal Effect: General fund revenues decrease by an indeterminate but potentially significant amount beginning in fiscal 2026 due to credits claimed against the State income tax. The precise effect on State revenues cannot be reliably predicted at this time and in part depends on the limitations set by Commerce on aggregate tax credit awards. To the extent credits are claimed against the corporate income tax, HEIF and TTF revenues also decrease, as do TTF expenditures for capital transportation grants to local governments (local highway user revenues).

General fund expenditures may increase beginning in fiscal 2026 for tax credit promotional activities as required by the bill. Any such expenditures depend on the activities of the Business Relocation Council; a precise estimate is not available at this time. Otherwise, any expense reimbursements for council members are assumed to be minimal and absorbable within existing budgeted resources.

Local Revenues: Local highway user revenues decrease to the extent credits are claimed against the corporate income tax.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Department of Commerce; Comptroller's Office; Maryland Department of Labor; Department of Legislative Services

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