



LEGISLATIVE POSITION:

Favorable

Senate Bill 66

Income Tax - Credit for Small Businesses - State Minimum Wage Increase

Senate Budget and Taxation Committee

Wednesday, January 15, 2020

Dear Chairman Guzzone and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 4,500 members and federated partners, and we work to develop and promote strong public policy that ensures sustained economic growth for Maryland businesses, employees and families.

According to the Department of Legislative Services, Maryland is home to approximately 131,000 businesses with 50 or fewer employees. Small businesses in Maryland employ roughly 950,000 individuals, which accounts for approximately 41.8% of Maryland's total private employment as cited by the Maryland Department of Labor.

Small businesses are the driving force for job creation, and our entire state benefits when our small businesses succeed. Small businesses are an integral part our work at the Maryland Chamber, and our efforts affect no other group more drastically. In addition, our state's overall success in the global marketplace is directly tied to Maryland's ability to foster a competitive and favorable climate for small businesses, a sector that makes up almost 92 percent of the state's registered companies.

SB 66 creates a refundable tax credit against the state income tax for small businesses that employ 50 or fewer employees in the state and pay their employees the state minimum wage. Small businesses will be able to claim a tax credit equal to the product of the highest state employer withholding tax rate (5.75%) and the yearly wages attributable to the difference between the state minimum wage rate and \$10.10 per hour.

The Maryland Chamber of Commerce recognizes that small businesses feel the impacts of policies like the increased minimum wage mandate disproportionately more than larger, more traditional companies. Therefore, we fully support all measures aimed at supporting our small businesses--the lifeblood of Maryland's economy.

For these reasons, the Maryland Chamber of Commerce respectfully requests a **favorable report** on **SB 66**.