



TO: The Honorable Anne R. Kaiser, Chair  
Members, House Ways and Means Committee  
The Honorable Jason C. Buckel

FROM: Richard A. Tabuteau  
Pamela Metz Kasemeyer  
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DATE: February 25, 2020

RE: **SUPPORT** – House Bill 869 – *Corporate Income Tax – Rate Reduction*

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The Maryland Tech Council (MTC) is a collaborative community, actively engaged in building stronger life science and technology companies by supporting the efforts of our individual members who are saving and improving lives through innovation. We support our member companies who are driving innovation through advocacy, education, workforce development, cost savings programs, and connecting entrepreneurial minds. The valuable resources we provide to our members help them reach their full potential making Maryland a global leader in the life sciences and technology industries. On behalf of MTC, we submit this letter of **support** for House Bill 869.

House Bill 869 reduces the corporate income tax rate from 8.25% to 7.75% for tax year 2021, 7.25% for tax year 2022, 6.75% for tax year 2023, and 6.25% for tax year 2024 and beyond. It has been well documented through numerous studies that Maryland's corporate income tax rate stifles the State's business climate. Most recently, the Tax Foundation's 2019 Business Climate Index ranked Maryland's corporate tax rate 22<sup>nd</sup> in the nation. This is particularly problematic for the life sciences and technology industries where competition with surrounding States, such as Virginia, for funding, workforce, and other economic development infrastructure support places Maryland at a distinct disadvantage.

The Augustine Commission, which was created to evaluate Maryland's economic framework and make recommendations to improve its competitiveness, included lowering the corporate tax rate in its recommendations. A lower tax rate allows for more reinvestment in growth opportunities, supports employment expansion, and reduces both the cost of running a business and the need for equity capital. A lower tax rate will also attract **new** companies to locate and conduct business in Maryland. Passage of House Bill 869 provides a critical enhancement of Maryland's economic competitiveness. A favorable report is requested.

**For more information call:**

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