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HB 869 - Corporate Income Tax - Rate Reduction

Dear Colleagues:

Several years have passed since the establishment of the Maryland Economic Development and Business Climate Control Commission, more commonly referred to as the Augustine Commission. Roughly five years ago, this Commission released its final report. Much time and effort went into the development of several policy recommendations as part of that report, and HB 869 seeks to advance one of those recommendations, one that the Augustine Commission regarded as integral to our state's long-term economic success but that the General Assembly has since ignored.

When the Augustine Commission published their report in January 2015, Maryland ranked 19th in terms of corporate tax competitiveness. Our overall ranking in the business climate index remains well below that of our neighbors to all sides. There is no denying that competitiveness perhaps rather than the perception of whether the rate is "too high" or "too low" is more important, as eighteen of Maryland's twenty-four counties share a border with another state. The geographic realities make job and business mobility relatively easy. The simple fact is that Maryland has not made the changes necessary to ensure that our state can continue to attract businesses and facilities overall economic growth, now or in the future.

Reducing the corporate tax rate, incrementally, over a period of years would: (1) satisfy a recommendation of the Augustine Commission; (2) take a managed and responsible approach to making Maryland more competitive; and (3) create more disposable income for Maryland's working families.

I would ask for a favorable report on HB 869.