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NFIB-Maryland – 60 West St., Suite 101 – Annapolis, MD 21401 – [www.NFIB.com/Maryland](http://www.NFIB.com/Maryland)

TO: House Ways and Means Committee

FROM: NFIB – Maryland

DATE: January 28, 2021

RE: **OPPOSE HOUSE BILL 275** – Individual Income Tax – Brackets and Rates – Alteration

Founded in 1943, NFIB is the voice of small business, advocating on behalf of America’s small and independent business owners, both in Washington, D.C., and in all 50 state capitals. With more than 250,000 members nationwide, and nearly 4,000 here in Maryland, we work to protect and promote the ability of our members to grow and operate their business.

On behalf of Maryland’s small businesses, NFIB-Maryland opposes House Bill 275 – legislation that will alter the rates and rate brackets of the State’s income tax law.

Small business owners, organized as pass-through-entities (PTE) would be negatively impacted under HB275. PTEs generally consist of the following: sole proprietorship, general partnership, limited partnership, limited liability company, or an S-corporation. Those businesses organized as one of the preceding entities are overwhelmingly small business owners.

These small business owners pay “business taxes” through their personal income tax returns. According to the Tax Foundation, Maryland ranks 45<sup>th</sup> on their personal income tax rate. Additionally, it is 42<sup>nd</sup> on property tax rates.

Should the tax brackets be reorganized as called for in HB275, those rates would send Maryland to the bottom of the charts when it comes to business friendliness – something this legislature and administration has fought hard to improve in recent years.

NFIB strongly supported legislation last year establishing a commission to evaluate the State’s current tax systems and make recommendations to ensure Maryland’s tax policy is competitive with surrounding jurisdictions and encourages business growth and job

# HB275

creation. Our members and their workers have faced financial hardships not seen in generations because of the COVID-19 pandemic.

We encourage the General Assembly to revisit the idea of such a commission before passing legislation like HB275 which creates more of a financial web small business owners must work through to ensure they remain competitive and financially viable.

If HB275 were to pass it would send a negative message to entrepreneurs and would-be small business owners hoping to create a future for themselves, their employees and their families.

For these reasons **NFIB opposes HB275** and requests an unfavorable committee report.