



LEGISLATIVE POSITION:

Unfavorable

House Bill 1052

**Income Tax – Subtraction Modification – Trade or Business
Expenses Resulting in Federal Loan Forgiveness
House Ways & Means Committee**

Thursday, February 25, 2021

Dear Chairwoman Kaiser 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 5,000 members and federated partners, and we work to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

HB 1052 seeks to allow a subtraction modification under the Maryland income tax for business expenses paid or incurred during the taxable years 2020 and 2021 if the payment of the expense results in the forgiveness of a loan. The income that results from the forgiveness must also be excluded from federal adjusted gross income in accordance with the provisions of the federal CARES Act.

HB 1052 will allow businesses that utilize funds from grants or loans that were used for expenses such as payroll and other operating expenses to not count those forgiven dollars as income on their state income taxes if those loans are also forgiven at the federal level. This initiative both creates parity with federal tax policy for loan forgiveness for specific COVID recovery initiatives and allows the state to take a proactive approach to helping Maryland small businesses survive and recover from the current economic situation.

With its limited scope in taxable years, the Maryland Chamber of Commerce respectfully requests a **favorable report** on HB 1052.