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Judicial Proceedings Committee

Vice Chair, Baltimore County
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THE SENATE OF MARYLAND
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March 2, 2022

The Senate Budget and Taxation Committee
The Honorable Guy Guzzone
3 West Miller Senate Building
Annapolis, MD, 21401

Re: SB 693 - Income Tax - Expensing of Business Property - Recoupling With Federal Law

Dear Chairman Guzzone and members of the Committee,

Manufacturing is one of the most profound drivers of economic growth in the State of Maryland. Regardless of the product, manufacturers rely on fixed assets like equipment to maintain their operations. The current tax law on depreciation of these assets is especially burdensome on Maryland manufacturers compared to manufacturers in other states.

Section 179 of the federal Internal Revenue Code (IRC) allows manufacturers to take an immediate tax deduction for business expenses related to depreciable assets such as equipment that manufacturers need for production. But the state allows manufacturers to deduct only up to \$25,000 a year.

Senate Bill 693 simply aligns Maryland's equipment depreciation schedule with the federal depreciation schedule (allowing deductions up to \$1,050,000) so manufacturers can reinvest the funds faster to stay competitive and meet the demands of fast-evolving manufacturing industries.

This bill empowers Maryland manufacturers, making the state more competitive and prosperous, as well as create more jobs for our residents.

I appreciate the Committee's consideration of Senate Bill 693 and will be happy to answer any follow-up questions the Committee may have.