
HB 841

Date: February 23, 2022

Committee: House Ways and Means

Bill Title: *Income Tax - Expensing of Business Property - Recoupling With Federal Law (Maryland Manufacturing Tax Relief Act of 2022)*

Re: Letter of Information

HB 841 repeals Maryland income tax modifications for business property deductions that are treated as an expense for federal income purposes. If passed, *The Manufacturing Tax Relief Act* would accelerate equipment purchase tax write-offs by aligning State deductions with the federal schedule for taxable years beginning after December 31, 2021.

The bill would help to reduce the risk of large equipment purchases for manufacturing entities, a regular and necessary component of the industry, and further advance Maryland as a desirable location to do business. If passed, these changes will align the State with national best practices and allow Maryland manufacturers and small businesses to more easily obtain cutting edge equipment to meet the demands of evolving advanced manufacturing.

MD Labor is committed to supporting businesses and job seekers interested in Maryland's manufacturing industry. Senate Bill 444/House Bill 658, passed by the General Assembly during the 2021 Legislative Session, created the Transforming Manufacturing in a Digital Economy Workgroup (Making It In Maryland), and assigned the Department of Commerce as staff to the workgroup. MD Labor has participated in this group since its inception alongside industry representatives, educational entities, and State legislators. The purpose of the workgroup is to study and make recommendations relating to Maryland's current and future manufacturing workforce, including the advancement of this critical legislation.

Given the extensive career pathway opportunities and good paying jobs in the manufacturing industry, EARN Maryland, MD Labor's nationally recognized workforce development program, has invested more than \$6.9 million in manufacturing Strategic Industry Partnerships since 2014. Funding has reached all corners of the State, with partners including the Maryland Manufacturing Extension Partnership, Wor-Wic Community College, Berry Plastics, the Jane Addams Resource Corporation, and the Susquehanna Workforce Network. Through these strategic investments, nearly 600 individuals have entered new employment positions and over 2,700 incumbent workers have participated in upskilling opportunities within the industry. **The Tax modifications included in HB841 could help to further enhance this success and lead to more lucrative careers for Marylanders.**