



February 21, 2022

To Whom It May Concern:

HB 841: Maryland Manufacturing Tax Relief Act of 2022

This is a letter of support for HB 841.

Manufacturing is critical to the Maryland economy, creating jobs and driving advancements in technology. The reason for the strong relationship between industrialization and economic development is that the manufacturing sector is the driver of productivity growth. This, in turn, is the lifeblood of technological development. Every economic activity stimulates another economic activity. So, just as manufacturing stimulates the provision of services, services stimulate manufacturing production. But evidence shows that manufacturing has a stronger “multiplier effect” than services.

In Maryland, manufacturers have been struggling due to excess burden and cost not seen in other states and countries. A perfect example of this is the disadvantage of the current Maryland tax law regarding depreciation.

No matter the product, manufacturing companies rely upon equipment, tools, and other fixed assets to keep operations running smoothly. Their ability to meet that objective and deliver goods to their customers depends upon the condition of their equipment as well as their recordkeeping practices regarding those fixed assets. The number of years over which an asset is depreciated is determined by the estimated useful life of the asset, or how long the asset can be used. The federal government has set a schedule to encourage investment in manufacturing, but the state currently does not match this schedule. HB 841 will fix this problem. For this reason, we fully support the bill.

The bill helps us to invest more in our Baltimore manufacturing facility, thus making us more competitive. This investment will save and/or add new jobs, as well as allow for continued payments of taxes and other support to the community.

We hope the legislators can support us by passing the bill.

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With kind regards,

Kenneth Sanchez
President