



The Honorable Vanessa E. Atterbeary
House Office Building
Room 131
Annapolis, MD 21401

**RE: Legislative Support for House Bill 0841 – Income Tax – Expensing of Business Property –
Recoupling with Federal Law (Maryland Manufacturing Tax Relief Act of 2022)**

Dear Committee Chair Atterbeary and Members:

I am writing this letter to express my support for House Bill 0841; entitled Income Tax – Expensing of Business Property – Recoupling with Federal Law (Maryland Manufacturing Tax Relief Act of 2022)

In Maryland there are nearly 4,000 manufacturers that are proud to produce products and goods that are critical to the global supply chain. In the production of these goods, manufacturers annually invest millions of dollars into equipment that is essential to the manufacturing production process. Currently, the State is decoupled from the Federal Section 178 tax code and thereby limited in the amount and timing of claiming this expense. More importantly, our manufacturing businesses are at a significant disadvantage compared to those located in our neighboring states whom are able to receive the full benefits available under the Federal tax code.

The newly proposed legislation would provide an immediate and meaningful economic impact for our State's small and mid-sized manufacturing enterprises.

I serve as the Executive Director for the Maryland Manufacturing Extension Partnership (MD MEP). MD MEP is a non-profit organization focused on growing and strengthening Maryland manufacturers. On an annual basis, MD MEP administers funding and programs that create nearly \$300 Million economic impact and create or retain more than 2,000 jobs.

House Bill 0841 will provide a more competitive business environment for our manufacturing enterprises relative to our neighboring states and enable these businesses to receive the tax benefits associated with the change in law. More importantly, the financial impacts are likely to be leveraged to further increase investment in the manufacturing sector, creating opportunities for business growth and increased jobs. For these reasons, I am strongly in support of House Bill 0841. Thank you for your consideration.

Sincerely,

Michael Kelleher
Executive Director, MD MEP