



## **HB841– Ways and Means Committee- Maryland Manufacturing Tax Relief Act of 2022 Favorable**

### **Dear Members of the Ways and Means Committee**

The Printing & Graphics Association Mid-Atlantic (PGAMA) respectfully supports HB841. The printing & graphics industry in Maryland encompasses roughly 16,000 employees across 500 companies and is among the largest manufacturing sectors in the state. This legislation, which would couple depreciation with the federal statutes, would, not only create an incentive to invest by printing companies in Maryland, but have a neutral impact on revenues long term. By encouraging our member companies to invest in new equipment and technology, new and better paying jobs would be created. Most of our members are small businesses facing extraordinary market challenges and this legislation would be an incentive to continue to operate and grow.

During the 2021 legislative session, the General Assembly established the Workgroup to Study the Transformation of Manufacturing in Maryland's Emerging Digital Economy, on which PGAMA was represented. The workgroup met over the interim and among the topics of discussion was an increase in the accelerated depreciation afforded under Maryland's tax code. The state tax code largely conforms to the federal tax code, except where explicit decoupling statutes exist. One of those instances is Section 179 of the IRC. Current federal limits on expensing are \$1 million with a dollar-for-dollar phase out beginning if the capital expenditures exceed \$2.5 million. These figures were increased in 2017 from \$500,000 and \$2 million respectively. Prior to that, in 2015, these limits were scheduled to decrease to \$25,000, with a phase-out at \$200,000. These are Maryland's current limits. However, Congress chose to extend the higher limits as part of the Protecting Americans from Tax Hikes (PATH) Act of 2015.

Due to the unprecedented challenges created by myriad issues, most of which our member companies had no control over, this legislation would create some positive energy for our industry and by virtue of our size, create a positive impact on the economy of the state of Maryland.

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