



**LEGISLATIVE POSITION:**

**Favorable**

**House Bill 841**

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

**House Ways and Means**

**Wednesday, February 23, 2022**

Dear Chairwoman Atterbeary and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 5,500 members and federated partners working to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

Currently (except for manufacturers covered under The More Jobs for Marylanders Program), the state is decoupled from any increased expensing under Section 179 and additional depreciation amounts under Section 168(k) of Internal Revenue Code (IRC). This means that taxpayers must make an adjustment for Maryland income tax purposes to reflect the changes made to the maximum aggregate costs of expensing under these sections. HB 841 would recouple Maryland with the federal law, thus allowing increased expensing by impacted businesses.

Small businesses, especially manufacturers, are the backbone of our economy. By recoupling with federal law, Maryland employers, employees and their families will be provided with much needed relief, opportunity and incentives to continue to grow and prosper in the State. HB 841 is a great example of government supporting both small businesses and their workforce by taking a proactive approach to economic recovery.

Additionally, HB 841 removes complications when it comes to filing taxes. As stated above, a business must adjust for Maryland income tax purposes. This difference between Maryland law and Federal law disproportionately impacts small businesses that do not always have access to extra funds and resources needed to make sure everything is in compliance. HB 841 would remove this additional headache and make Maryland return preparation a much easier process.

With these comments in mind, The Maryland Chamber of Commerce respectfully requests a **favorable report** on **HB 841**.